

# FINANCIAL STATEMENTS

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# DIRECTORS' REPORT

The directors have pleasure in submitting their report together with the audited financial statements of the Group and of the Company for the financial year ended 31 December 2016.

## PRINCIPAL ACTIVITIES

The principal activities of the Company are investment holding and provision of management services to its subsidiary companies in the Group. The principal activities of the subsidiary companies are disclosed in Note 50 to the financial statements.

There have been no significant changes in the nature of these activities during the financial year.

## FINANCIAL RESULTS

	Group RM	Company RM
Net profit for the financial year	85,201,568	75,655,416
Attributable to:		
Owners of the Parent	85,300,772	75,655,416
Non-controlling interests	(99,204)	-
	85,201,568	75,655,416

## RESERVES AND PROVISIONS

There were no material transfers to or from reserves or provisions during the financial year other than as disclosed in the financial statements.

# DIRECTORS' REPORT (CONT'D)

## DIVIDENDS

Since the end of the last financial year, the Company paid the following dividends:

RM

### In respect of the financial year ended 31 December 2015 :

A tax exempt special dividend of 6 sen per ordinary share on 545,320,317 ordinary shares of RM1.00 each, paid on 26 January 2016	32,719,219
A single tier first and final dividend of 3.5 sen per ordinary share on 612,899,598 ordinary shares of RM1.00 each, paid on 5 September 2016	21,451,485

### In respect of the financial year ended 31 December 2016 :

A tax exempt special dividend of 2 sen per ordinary share on 637,337,773 ordinary shares of RM1.00 each, paid on 11 November 2016	12,746,756
A tax exempt special dividend of 2 sen per ordinary share on 651,391,198 ordinary shares of RM1.00 each, paid on 17 March 2017	13,027,823
	79,945,283

On 5 April 2017, the directors:

- (i) confirmed the payment date of a tax exempt special dividend of 2 sen per ordinary share of RM1.00 each in respect of the financial year ended 31 December 2016 pursuant to the announcement made on 6 May 2016. This dividend will be paid on 30 June 2017 to depositors registered in the Record of Depositors on 20 June 2017. The financial statements for the current financial year do not reflect this special dividend. Such dividend will be accounted for in equity as an appropriation of retained earnings in the financial year ending 31 December 2017; and
- (ii) declared a tax exempt special dividend of 6 sen per ordinary share of RM1.00 each in respect of the financial year ending 31 December 2017. This dividend will be paid in 3 tranches, 2 sen for each tranche. The date of entitlement and payment will be confirmed later. The financial statements for the current financial year do not reflect this special dividend. Such dividend will be accounted for in equity as an appropriation of retained earnings in the financial years ending 31 December 2017 and 31 December 2018.

On 25 April 2017, the directors:

- (i) declared a single tier interim dividend of 2 sen per ordinary share of RM1.00 each in respect of the financial year ended 31 December 2016. This interim dividend will be paid on 24 July 2017 to depositors registered in the Record of Depositors on 11 July 2017; and
- (ii) proposed a single tier final dividend of 2 sen per ordinary share of RM1.00 each in respect of the financial year ended 31 December 2016. The proposed dividend is subject to the approval of the shareholders at the forthcoming Annual General Meeting of the Company.

The financial statements for the current financial year do not reflect the dividends declared or proposed on 25 April 2017. Such dividends will be accounted for in equity as an appropriation of retained earnings in the financial year ending 31 December 2017.

# DIRECTORS' REPORT (CONT'D)

## ISSUE OF SHARES AND DEBENTURES

During the financial year, the Company increased its issued and paid-up share capital from 551,437,117 to 641,424,473 by way of issuance of 89,987,356 new ordinary shares of RM1.00 each as follows:

- (a) 2,997,900 new ordinary shares of RM1.00 each for cash arising from the exercise of share options under Employees' Share Option Scheme at a weighted average exercise price of RM1.30 per ordinary share;
- (b) 24,676,306 new ordinary shares of RM1.00 each for cash arising from the exercise of Warrants A at an exercise price of RM1.00 per ordinary share; and
- (c) 62,313,150 new ordinary shares of RM1.00 each for cash arising from the exercise of Warrants B at an exercise price of RM1.25 per ordinary share.

The new ordinary shares issued during the financial year rank pari passu in all respects with the existing ordinary shares of the Company.

There was no issuance of debentures during the financial year.

## TREASURY SHARES

The shareholders of the Company, by a resolution passed in the last Annual General Meeting held on 9 June 2016, renewed their approval for the Company's plan to repurchase its own shares. The directors of the Company are committed to enhance the value of the Company for its shareholders and believe that the repurchase plan can be applied in the best interest of the Company and its shareholders.

During the financial year, the Company repurchased 15,000 of its issued shares from the open market. The average price paid for the shares repurchased was RM1.61 per share. The total consideration paid for the repurchase including transaction costs was RM24,185. The repurchased transactions were financed by internally generated funds. The shares repurchased are being held as treasury shares in accordance with Section 67A of the Companies Act, 1965.

During the financial year, the Company has also disposed of 6,071,800 of its treasury shares in the open market for a total consideration of RM8,835,542.

As at 31 December 2016, the total number of treasury shares held by the Company was 60,000 out of the total 641,424,473 issued ordinary shares. Further relevant details are disclosed in Note 23 to the financial statements.

## WARRANTS

### **Warrants 2008/2018 ("Warrants A")**

The Warrants A were constituted under the Deed Poll dated 30 April 2008.

As at 31 December 2016, the total number of Warrants A that remain unexercised were 21,937,712.

The salient terms of the Warrants A are detailed in Note 24(e)(i) to the financial statements.



## DIRECTORS' REPORT (CONT'D)

### WARRANTS (CONT'D)

#### **Warrants 2015/2020 ("Warrants B")**

The Warrants B were constituted under the Deed Poll dated 3 September 2015.

As at 31 December 2016, the total number of Warrants B that remain unexercised were 74,101,747.

The salient terms of the Warrants B are detailed in Note 24(e)(ii) to the financial statements.

Details of Warrants issued to Directors are disclosed in the section of Directors' Interests in this report.

### OPTIONS GRANTED OVER UNISSUED SHARES

No options were granted to any person to take up unissued shares of the Company during the financial year apart from the issue of options pursuant to the Employees' Share Option Scheme ("ESOS").

#### **EMPLOYEES' SHARE OPTION SCHEME ("ESOS")**

The Company has established an Employees' Share Option Scheme ("ESOS") of not more than 15% of the issued share capital of the Company at the point of time throughout the duration of the scheme to eligible directors and employees of the Group, which was approved by shareholders at an Extraordinary General Meeting ("EGM") held on 28 June 2012.

The ESOS shall be in force for a period of 10 years from 18 September 2012 to 17 September 2022. The salient features and other terms of the ESOS and the movement of options over unissued shares of the Company granted under the ESOS during the financial year are disclosed in Note 37 to the financial statements.

Details of the options granted to directors are disclosed in the section of directors' interests in this report.

During the financial year, the Company has been granted an exemption by the Companies Commission of Malaysia from having to disclose the name of option holders, other than directors, who have been granted options during the financial year to subscribe for less than 95,200 ordinary shares of RM1.00 each and details of their holdings as required by Section 169(11) of the Companies Act, 1965. This information has been separately filed with the Companies Commission of Malaysia.

# DIRECTORS' REPORT (CONT'D)

## EMPLOYEES' SHARE OPTION SCHEME ("ESOS") (CONT'D)

The list of employees who have been granted options to subscribe for ordinary shares of RM1.00 each of 95,200 and more during the financial year are as follows:

	<b>No. of options over ordinary shares of RM1.00 each granted</b>
Chen Sau Hiong	95,200
Datuk Dr Haji Baharum Bin Haji Mohamed	119,000
Datuk Lim Lit Chek	119,000
Datuk Lim Si Cheng	119,000
Lee Hon Meng	345,100
Lim Seng Lee	119,000
Lim Tong Lee	119,000
Loh Yin Hui	357,000
Ng Kian Lai	95,200
Tan Seng Teong	95,200
Ter Chiew Yen	208,300
Thanasegaran Sukumaran	136,900
Wong Tack Leong	95,200

## DIRECTORS

The directors in office since the date of the last report are:

Dato' Seri Lim Bock Seng, SSSA, DPMS, AMN  
 Tan Sri Lim Hock San, PSM, SSAP, DSSA, JP  
 Datuk Wira Lim Hock Guan, DCSM, DMSM, PJK, JP  
 Maj (Hon) Dato' Sri Lim Hock Sing, SSAP, DIMP, JP  
 Datuk Lim Hock Seong, DMSM  
 Dato' Chia Lok Yuen, DIMP  
 Dato' Lim Mooi Pang, DIMP  
 Lim Tong Lee  
 Datuk Dr Haji Baharum Bin Haji Mohamed, DMSM, AMN, PIS  
 Datuk Lim Si Cheng, PJN, PIS

# DIRECTORS' REPORT

(CONT'D)

## DIRECTORS' INTERESTS

The interests and deemed interests in the share capital, warrants and options over the shares and debentures of the Company and of its related corporations (other than wholly-owned subsidiary companies) of those who were directors at the end of the financial year (including their spouses or children) according to the register of directors' Shareholdings are as follows:

	No. of ordinary shares of RM1.00 each			
	At 1.1.2016	Acquired	Disposed	At 31.12.2016
<b>Gaterich Sdn. Bhd.</b>				
Direct interests				
Tan Sri Lim Hock San	2,500,000	-	-	2,500,000
Datuk Wira Lim Hock Guan	1,000,000	-	-	1,000,000
Maj (Hon) Dato' Sri Lim Hock Sing	750,000	-	-	750,000
Datuk Lim Hock Seong	750,000	-	-	750,000
<b>LBS Bina Group Berhad</b>				
Direct interests				
Dato' Seri Lim Bock Seng	1,540,000	-	500,000	1,040,000
Tan Sri Lim Hock San	12,141,700	666,500	9,000,000	3,808,200
Datuk Wira Lim Hock Guan	7,868,360	-	-	7,868,360
Maj (Hon) Dato' Sri Lim Hock Sing	825,000	-	800,000	25,000
Datuk Lim Hock Seong	1,009,500	100,000	1,000,000	109,500
Dato' Chia Lok Yuen	1,980,000	250,000	1,200,000	1,030,000
Dato' Lim Mooi Pang	959,900	100,000	-	1,059,900

	No. of ordinary shares of RM1.00 each			
	At 1.1.2016	Acquired	Disposed	At 31.12.2016
<b>LBS Bina Group Berhad</b>				
Indirect interests				
Dato' Seri Lim Bock Seng <sup>2</sup>	2,626,000	55,000	677,000	2,004,000
Tan Sri Lim Hock San <sup>3</sup>	297,538,660	66,526,646	35,078,500	328,986,806
Datuk Wira Lim Hock Guan <sup>3</sup>	297,439,160	66,378,946	35,000,000	328,818,106
Maj (Hon) Dato' Sri Lim Hock Sing <sup>3</sup>	296,737,160	66,414,946	35,000,000	328,152,106
Datuk Lim Hock Seong <sup>3</sup>	296,667,160	66,400,946	35,000,000	328,068,106

# DIRECTORS' REPORT (CONT'D)

## DIRECTORS' INTERESTS (CONT'D)

	No. of options over ordinary shares of RM1.00 each ("ESOS")			At 31.12.2016
	At 1.1.2016	Granted	Exercised	
<b>LBS Bina Group Berhad</b>				
Direct interests				
Dato' Lim Mooi Pang	153,000	-	-	153,000
Lim Tong Lee	119,000	119,000	-	238,000
Datuk Dr Haji Baharum bin Haji Mohammed	119,000	119,000	-	238,000
Datuk Lim Si Cheng	119,000	119,000	-	238,000

	No. of Warrants A of RM1.00 each			At 31.12.2016
	At 1.1.2016	Acquired	Exercised	
<b>LBS Bina Group Berhad</b>				
Direct interests				
Dato' Seri Lim Bock Seng	140,000	-	-	140,000
Tan Sri Lim Hock San	331,400	861,500	666,500	526,400
Dato' Chia Lok Yuen	50,000	450,000	-	500,000
Dato' Lim Mooi Pang	-	120,000	-	120,000
Indirect interests				
Dato' Seri Lim Bock Seng <sup>2</sup>	404,000	-	-	404,000
Tan Sri Lim Hock San <sup>1</sup>	8,378,946	-	8,378,946	-
Datuk Wira Lim Hock Guan <sup>1</sup>	8,378,946	-	8,378,946	-
Maj (Hon) Dato' Sri Lim Hock Sing <sup>3</sup>	8,433,746	14,000	8,378,946	68,800
Datuk Lim Hock Seong <sup>1</sup>	8,378,946	-	8,378,946	-

	No. of Warrants B of RM1.25 each			At 31.12.2016
	At 1.1.2016	Acquired	Exercised	
<b>LBS Bina Group Berhad</b>				
Direct interests				
Dato' Seri Lim Bock Seng	385,000	-	-	385,000
Tan Sri Lim Hock San	3,060,425	419,800	-	3,480,225
Datuk Wira Lim Hock Guan	1,967,090	-	-	1,967,090
Maj (Hon) Dato' Sri Lim Hock Sing	206,250	-	-	206,250
Datuk Lim Hock Seong	252,375	-	100,000	152,375
Dato' Chia Lok Yuen	495,000	110,000	250,000	355,000
Dato' Lim Mooi Pang	239,975	-	-	239,975



# DIRECTORS' REPORT (CONT'D)

## DIRECTORS' INTERESTS (CONT'D)

	No. of Warrants B of RM1.25 each			
	At 1.1.2016	Acquired	Exercised	At 31.12.2016
<b>LBS Bina Group Berhad</b>				
Indirect interests				
Dato' Seri Lim Bock Seng <sup>2</sup>	656,500	-	-	656,500
Tan Sri Lim Hock San <sup>3</sup>	74,384,664	-	58,147,700	16,236,964
Datuk Wira Lim Hock Guan <sup>3</sup>	74,359,789	-	58,000,000	16,359,789
Maj (Hon) Dato' Sri Lim Hock Sing <sup>3</sup>	74,184,289	9,000	58,000,000	16,193,289
Datuk Lim Hock Seong <sup>3</sup>	74,166,789	-	58,022,000	16,144,789

Note:

- <sup>1</sup> Deemed interests pursuant to Section 6A of the Companies Act, 1965 by virtue of their direct interests in Gaterich Sdn. Bhd.
- <sup>2</sup> Deemed interests pursuant to Section 134(12)(c) of the Companies Act, 1965 in compliance with the Companies (Amendment) Act, 2007 by virtue of their spouse and/or child direct interests in the Company.
- <sup>3</sup> Deemed interests pursuant to Section 134(12)(c) of the Companies Act, 1965 in compliance with the Companies (Amendment) Act, 2007 by virtue of their spouse and/or child direct interests in the Company and Section 6A of the Companies Act, 1965 by virtue of their direct interests in Gaterich Sdn. Bhd.

By virtue of their interests in the shares of the Company, Tan Sri Lim Hock San, Datuk Wira Lim Hock Guan, Maj (Hon) Dato' Sri Lim Hock Sing and Datuk Lim Hock Seong are also deemed to have interests in the shares of all the subsidiary companies to the extent that the Company has an interest under Section 6A of the Companies Act, 1965.

## DIRECTORS' BENEFITS

Since the end of the previous financial year, no director of the Company has received or become entitled to receive any benefit (other than benefits included in the aggregate amount of emoluments received or due and receivable by directors as shown in the financial statements) by reason of a contract made by the Company or a related corporation with the director or with a firm of which the director is a member, or with a company in which the director has a substantial financial interest, other than certain directors who have significant financial interests in the companies which traded with certain companies in the Group in the ordinary course of business as disclosed in Note 41 to the financial statements.

Neither during nor at the end of the financial year was the Company a party to any arrangement whose object was to enable the directors to acquire benefits by means of the acquisition of shares in, or debentures of the Company or any other body corporate, other than those arising from the share options granted under the ESOS.

# DIRECTORS' REPORT (CONT'D)

## OTHER STATUTORY INFORMATION

- (a) Before the statements of financial position and statements of profit or loss and other comprehensive income of the Group and of the Company were made out, the directors took reasonable steps:
  - (i) to ascertain that action had been taken in relation to the writing off of bad debts and the making of allowance for doubtful debts and satisfied themselves that all known bad debts had been written off and that adequate allowance for doubtful debts had been made; and
  - (ii) to ensure that any current assets which were unlikely to realise their values in the ordinary course of business as shown in the accounting records had been written down to an amount which they might be expected so to realise.
- (b) At the date of this report, the directors are not aware of any circumstances:
  - (i) which would render the amount written off for bad debts or the amount of the allowance for doubtful debts in the financial statements of the Group and of the Company inadequate to any substantial extent; or
  - (ii) which would render the values attributed to current assets in the financial statements of the Group and of the Company misleading; or
  - (iii) not otherwise dealt with in this report or the financial statements of the Group and of the Company which would render any amount stated in the financial statements misleading; or
  - (iv) which have arisen which would render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.
- (c) At the date of this report, there does not exist:
  - (i) any charge on the assets of the Group or of the Company which has arisen since the end of the financial year which secures the liability of any other person; or
  - (ii) any contingent liability of the Group or of the Company which has arisen since the end of the financial year.
- (d) In the opinion of the directors:
  - (i) no contingent liability or other liability has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which will or may affect the ability of the Group and of the Company to meet their obligations as and when they fall due;
  - (ii) the results of the operations of the Group and of the Company during the financial year were not substantially affected by any item, transaction or event of a material and unusual nature, except as disclosed in the notes to the financial statements; and
  - (iii) there has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely to affect substantially the results of the operations of the Group and of the Company for the financial year in which this report is made.



## DIRECTORS' REPORT (CONT'D)

### SIGNIFICANT EVENTS

Details of significant events are disclosed in Note 45 to the financial statements.

### SUBSEQUENT EVENTS

Details of subsequent events are disclosed in Note 46 to the financial statements.

### HOLDING COMPANY

The holding company is Gaterich Sdn. Bhd., a private limited liability company, incorporated under the Company Act, 1965 and domiciled in Malaysia.

### AUDITORS

The Auditors, Messrs UHY, have expressed their willingness to continue in office.

Signed on behalf of the board of directors in accordance with a resolution of the directors dated 25 April 2017.

**TAN SRI LIM HOCK SAN**

KUALA LUMPUR

**MAJ (HON) DATO' SRI LIM HOCK SING**

# STATEMENT BY DIRECTORS

Pursuant to Section 169(15) of the Companies Act, 1965

We, the undersigned, being two of the directors of the Company, do hereby state that, in the opinion of the directors, the financial statements set out on pages 166 to 295 are drawn up in accordance with Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2016 and of their financial performance and cash flows for the financial year then ended.

The supplementary information set out in Note 54 to the financial statements on page 296 have been compiled in accordance with Guidance on Special Matter No.1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosures Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants and the directive of Bursa Malaysia Securities Berhad.

Signed on behalf of the board of directors in accordance with a resolution of the directors dated 25 April 2017.

**TAN SRI LIM HOCK SAN**

KUALA LUMPUR

**MAJ (HON) DATO' SRI LIM HOCK SING**



# STATUTORY DECLARATION

Pursuant to Section 169(16) of the Companies Act, 1965

I, Dato' Lim Mooi Pang, being the director primarily responsible for the financial management of LBS Bina Group Berhad, do solemnly and sincerely declare that to the best of my knowledge and belief, the financial statements set out on pages 166 to 296 are correct and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provision of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by the )  
abovenamed at Kuala Lumpur in the )  
Federal Territory on 25 April 2017 )

DATO' LIM MOOI PANG

Before me,

NO. W710  
MOHAN A.S. MANIAM  
COMMISSIONER FOR OATHS

# INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF LBS BINA GROUP BERHAD  
(Company No. : 518482-H) (Incorporated in Malaysia)

## REPORT ON THE FINANCIAL STATEMENTS

### Opinion

We have audited the financial statements of LBS Bina Group Berhad, which comprise the statements of financial position as at 31 December 2016 of the Group and of the Company, and the statements of profit and loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 166 to 295.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and of the Company as at 31 December 2016, and of their financial performance and their cash flows for the financial year then ended in accordance with Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia.

### Basis for Opinion

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing. Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Independence and Other Ethical Requirements

We are independent of the Group and of the Company in accordance with the By-Laws (on Professional Ethics, Conduct and Practice) of the Malaysian Institute of Accountants ("By-Laws") and the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and IESBA Code.

### Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the Group and of the Company for the current financial year. These matters were addressed in the context of our audit of the financial statements of the Group and of the Company as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.



# INDEPENDENT AUDITORS' REPORT

## TO THE MEMBERS OF LBS BINA GROUP BERHAD

(Company No. : 518482-H) (Incorporated in Malaysia)  
(CONT'D)

### Key Audit Matters (cont'd)

#### Key audit matters

#### How we addressed the key audit matters

#### 1. Carrying value of land and property development costs and revenue recognition

The Group's assessment of the carrying value of land and property development costs, being the lower of cost and net realisable value, is a judgemental process. This requires the estimation of selling prices, sales rates and costs to complete, determined on a project by project basis. These factors drive the gross margin for each project and hence the profit recognised at the point of sale.

There is a risk that the actual revenue and costs are different to those forecast across the whole projects resulting in material misstatement of land and property development costs and gross profit recognised.

There is also a risk that costs are inappropriately recognised within land and property development costs or that the allocation of costs that relate to the whole projects, such as land and infrastructure, is inappropriate across development phases, resulting in a material misstatement of land and property development or gross profit of each project.

We conducted testing in relation to the revenue recognised under FRS 201<sub>2004</sub> *Property Development Activities*. This testing involved both tests of detail and analytical procedures.

We have performed the following audit procedures:

- we assessed the judgements in relation to the future profitability of the project with reference to the project budget; and
- we recalculated the percentage of completion as at the reporting date. We assessed the management's assumption in estimating the costs to completions and verified the budgeted cost to suppliers' contracts and sub-contractors' contracts. We verified the costs to work certifications and the total sales value agreed to contracts.

At the analytical level, we developed an expectation of the income that should be recognised in the financial year from this revenue stream, with reference to the level of completion.

We assessed the competence and objectivity of the qualified surveyors employed by the Group and the use of these experts to estimate the level of completion.

We visited a sample of sites to verify how surveyors measure the degree of build completion of the developments.

We inspected the sales and purchase contracts for all significant new land acquisitions to understand the terms and identify any deferred or contingent payments therein.

We have considered the adequacy of the Group's disclosures regarding this revenue stream and whether they are in accordance with FRS 201<sub>2004</sub> *Property Development Activities*.

# INDEPENDENT AUDITORS' REPORT

## TO THE MEMBERS OF LBS BINA GROUP BERHAD

(Company No. : 518482-H) (Incorporated in Malaysia)  
(CONT'D)

### Key Audit Matters (cont'd)

#### Key audit matters

#### How we addressed the key audit matters

#### 2. Goodwill impairment review

The Group has significant goodwill allocated to the property development cash generating units ("CGUs"). Goodwill shall be tested for impairment annually in accordance to FRS 136 *Impairment of Assets*. The estimation of recoverable amount is complex and significant judgement is required for estimates, specifically cashflows projections, discount rates and short term growth rates. Due to the inherent uncertainty involved in forecasting and discounting future cash flows, this is the key judgemental area that our audit was concentrated on.

We assessed the reasonableness of the cash flows forecasts and supporting evidence of the underlying assumptions, by checking to approved budgets and comparing expected growth rates to relevant market expectations.

We performed sensitivity analysis on the key inputs (including discount rates and long term growth rates) to the impairment model, to understand the impact that reasonably possible changes to key assumptions would have on the overall carrying value of the goodwill at the end of the reporting period.

We tested the discount rates assigned to the cash generating units, as well as the long-term growth rates, with reference to our understanding of the business, comparisons to other similar companies, economic and industry forecasts where appropriate. We considered evidence available to support the discount rates used, and consistency with findings from other areas of the audit.

We considered the adequacy of management's disclosures in respect of impairment testing and whether the disclosures appropriately communicate the underlying sensitivities.





# INDEPENDENT AUDITORS' REPORT

## TO THE MEMBERS OF LBS BINA GROUP BERHAD

(Company No. : 518482-H) (Incorporated in Malaysia)  
(CONT'D)

### Key Audit Matters (cont'd)

#### Key audit matters

#### How we addressed the key audit matters

### 3. Acquisition of ML Global Berhad – purchase price allocation

During the financial year, the Group completed the acquisition of 19.23% equity interest in ML Global Berhad for a total consideration of RM9.65 million. Accounting for business combinations is complex and requires the recognition of both consideration paid and acquired assets and liabilities at the acquisition date at fair values, which can involve significant judgement and estimates.

In addition, accounting policies of the acquired entities must be aligned to the group's accounting policies, which may involve significant judgement and estimates.

FRS 3 *Business Combinations* requires the Group to recognise the identifiable assets, liabilities and contingent liabilities at fair value at the date of acquisition, with the excess of the acquisition cost over the identified fair values recognised as goodwill. This requires a significant amount of management estimation, particularly in relation to the identification and valuation of intangible assets and assignment of their useful lives.

We have discussed with management and their external specialists to assess the appropriateness and reasonableness of the purchase price allocation. Our procedures included the followings:

- reviewed the appropriateness of the acquisition accounting applied, including the timing at which control was deemed to have passed;
- reviewed and considered the appropriateness of the fair values ascribed to assets and liabilities of the acquired business;
- challenged the assumptions in the specialist valuation report supporting goodwill;
- assessed management's key assumptions applied in the purchase price allocation in arriving at the fair value of the assets acquired and liabilities assumed, including the fair valuation of identified intangible assets, to be within a reasonable range of our audit expectations; and
- assessed the adequacy of the disclosure in the financial statements.

# INDEPENDENT AUDITORS' REPORT

## TO THE MEMBERS OF LBS BINA GROUP BERHAD

(Company No. : 518482-H) (Incorporated in Malaysia)  
(CONT'D)

### **Information Other Than the Financial Statements and Auditors' Report Thereon**

The Directors of the Company are responsible for the other information. The other information comprises the annual report, but does not include the financial statements of the Group and of the Company and our auditors' report thereon.

Our opinion on the financial statements of the Group and of the Company does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements of the Group and of the Company, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements of the Group and of the Company, or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

### **Responsibilities of Directors for the Financial Statements**

The Directors of the Company are responsible for the preparation of the financial statements of the Group and of the Company that give a true and fair view in accordance with Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia. The Directors are also responsible for such internal control as the Directors determine is necessary to enable the preparation of financial statements of the Group and of the Company that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements of the Group and of the Company, the Directors are responsible for assessing the Group's and the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or the Company or to cease operations, or has no realistic alternative but to do so.

### **Auditors' Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements of the Group and of the Company as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with approved standards on auditing in Malaysia and International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.



# INDEPENDENT AUDITORS' REPORT

## TO THE MEMBERS OF LBS BINA GROUP BERHAD

(Company No. : 518482-H) (Incorporated in Malaysia)  
(CONT'D)

### Auditors' Responsibilities for the Audit of the Financial Statements (cont'd)

As part of an audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements of the Group and of the Company, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.
- Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's or the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements of the Group and of the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group or the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements of the Group and of the Company, including the disclosures, and whether the financial statements of the Group and of the Company represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements of the Group. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Directors, we determine those matters that were of most significance in the audit of the financial statements of the Group and of the Company for the current finance year and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

# INDEPENDENT AUDITORS' REPORT

## TO THE MEMBERS OF LBS BINA GROUP BERHAD

(Company No. : 518482-H) (Incorporated in Malaysia)  
(CONT'D)

### REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

In accordance with the requirements of the Companies Act, 1965 in Malaysia, we also report the following:

- (a) In our opinion, the accounting and other records and the registers required by the Act to be kept by the Company and its subsidiary companies of which we have acted as auditors have been properly kept in accordance with the provisions of the Act.
- (b) We have considered the financial statements and the auditors' reports of all the subsidiary companies of which we have not acted as auditors, which are indicated in Note 8 to the financial statements, being financial statements that have been included in the consolidated financial statements.
- (c) We are satisfied that the financial statements of the subsidiary companies that have been consolidated with the Company's financial statements are in form and content appropriate and proper for the purposes of the preparation of the financial statements of the Group and we have received satisfactory information and explanations required by us for those purposes.
- (d) The audit reports on the financial statements of the subsidiary companies did not contain any qualification or any adverse comment made under Section 174 (3) of the Act.

### OTHER REPORTING RESPONSIBILITIES

The supplementary information set out in Note 54 on page 296 is disclosed to meet the requirement of Bursa Malaysia Securities Berhad and is not part of the financial statements. The Directors are responsible for the preparation of the supplementary information in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosures Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants ("MIA Guidance") and the directive of Bursa Malaysia Securities Berhad. In our opinion, the supplementary information is prepared, in all material respects, in accordance with the MIA Guidance and the directive of Bursa Malaysia Securities Berhad.



# INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF LBS BINA GROUP BERHAD  
(Company No. : 518482-H) (Incorporated in Malaysia)  
(CONT'D)

## OTHER MATTERS

This report is made solely to the members of the Company, as a body, in accordance with Section 174 of the Companies Act, 1965 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

UHY  
Firm Number: AF 1411  
Chartered Accountants

TAN TIAN WOOL  
Approved Number: 2969/05/18 (J)  
Chartered Accountant

KUALA LUMPUR  
25 April 2017

# STATEMENTS OF FINANCIAL POSITION

AS AT 31 DECEMBER 2016

		Group		Company	
	Note	2016 RM	2015 RM	2016 RM	2015 RM
<b>Non-Current Assets</b>					
Property, plant and equipment	4	261,064,455	240,941,611	-	-
Capital work-in-progress	5	5,368,273	6,229,079	-	-
Land and property development costs	6	730,525,633	515,026,439	-	-
Investment properties	7	61,469,204	33,767,090	-	-
Investment in subsidiary companies	8	-	-	614,931,383	393,366,006
Investment in associated companies	9	2,635,882	13,879,340	-	7,305,338
Promissory note	10	-	100,498,924	-	-
Other investments	11	99,949,920	94,983,631	-	-
Goodwill on consolidation	12	126,979,868	84,217,235	-	-
<b>Total Non-Current Assets</b>		<b>1,287,993,235</b>	<b>1,089,543,349</b>	<b>614,931,383</b>	<b>400,671,344</b>
<b>Current Assets</b>					
Land and property development costs	6	359,130,876	437,734,614	-	-
Inventories	13	187,867,294	76,537,272	-	-
Amount owing by customers on contracts	14	206,607	56,017	-	-
Accrued billings in respect of land and property development costs		326,708,441	149,080,582	-	-
Trade receivables	15	315,463,599	196,123,831	-	-
Other receivables	16	110,490,839	92,873,289	340,736	3,318,220
Promissory note	10	-	105,523,704	-	-
Other investments	11	-	38,488,161	-	11,029,697
Amount owing by subsidiary companies	17	-	-	186,165,269	256,720,778
Tax recoverable		6,844,123	8,042,029	-	160,778
Fixed deposits with licensed banks	18	49,079,352	33,471,075	31,442,414	15,670,959
Cash held under Housing Development Accounts	19	74,387,290	87,735,381	-	-
Cash and bank balances	20	107,332,047	106,385,800	23,577,418	4,739,917
<b>Total Current Assets</b>		<b>1,537,510,468</b>	<b>1,332,051,755</b>	<b>241,525,837</b>	<b>291,640,349</b>
<b>Total Assets</b>		<b>2,825,503,703</b>	<b>2,421,595,104</b>	<b>856,457,220</b>	<b>692,311,693</b>



# STATEMENTS OF FINANCIAL POSITION

AS AT 31 DECEMBER 2016  
(CONT'D)

			Group		Company
	Note	2016 RM	2015 RM	2016 RM	2015 RM
<b>Equity</b>					
Share capital	21	641,424,473	551,437,117	641,424,473	551,437,117
Share premium	22	74,235,266	48,298,035	74,235,266	48,298,035
Treasury shares	23	(88,081)	(8,634,411)	(88,081)	(8,634,411)
Other reserves	24	(131,065,516)	(24,605,115)	10,153,615	16,999,926
Retained profits/(Accumulated losses)		503,461,661	465,165,545	(67,062,890)	(95,713,650)
Equity attributable to owners of the Parent		1,087,967,803	1,031,661,171	658,662,383	512,387,017
Non-controlling interests		119,055,761	(19,288,472)	-	-
<b>Total Equity</b>		<b>1,207,023,564</b>	<b>1,012,372,699</b>	<b>658,662,383</b>	<b>512,387,017</b>
<b>Non-Current Liabilities</b>					
Trade payables	25	248,138,494	93,613,370	-	-
Other payables	26	54,991,839	56,228,935	-	-
Amount owing to a subsidiary company	17	-	-	62,411,867	-
Finance lease payables	27	4,126,928	5,099,292	-	-
Bank borrowings	28	314,144,391	287,939,163	18,390,117	18,783,730
Deferred tax liabilities	29	18,232,322	32,271,601	-	-
<b>Total Non-Current Liabilities</b>		<b>639,633,974</b>	<b>475,152,361</b>	<b>80,801,984</b>	<b>18,783,730</b>
<b>Current Liabilities</b>					
Amount owing to customers on contracts	14	11,841,075	5,602,800	-	-
Progress billings in respect of land and property development costs		13,299,227	45,209,124	-	-
Trade payables	25	314,376,329	315,942,280	-	-
Other payables	26	318,287,973	281,302,004	14,436,686	33,471,401
Bank overdrafts	30	100,901,943	43,665,940	42,650,845	8,631,290
Finance lease payables	27	2,107,504	1,700,660	-	-
Bank borrowings	28	195,544,663	229,765,752	57,579,230	62,060,247
Amount owing to subsidiary companies	17	-	-	2,236,183	56,978,008
Tax payable		22,487,451	10,881,484	89,909	-
<b>Total Current Liabilities</b>		<b>978,846,165</b>	<b>934,070,044</b>	<b>116,992,853</b>	<b>161,140,946</b>
<b>Total Liabilities</b>		<b>1,618,480,139</b>	<b>1,409,222,405</b>	<b>197,794,837</b>	<b>179,924,676</b>
<b>Total Equity and Liabilities</b>		<b>2,825,503,703</b>	<b>2,421,595,104</b>	<b>856,457,220</b>	<b>692,311,693</b>

The accompanying notes form an integral part of the financial statements.

# STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

		Group		Company	
	Note	2016 RM	2015 RM	2016 RM	2015 RM
Revenue	31	993,619,057	680,295,861	80,841,184	65,599,000
Cost of sales	32	(673,997,786)	(445,041,756)	-	-
<b>Gross profit</b>		319,621,271	235,254,105	80,841,184	65,599,000
Other income		53,690,034	28,072,285	22,803,211	12,116,782
Administrative and operating expenses		(204,520,156)	(135,025,557)	(17,416,642)	(14,262,660)
<b>Profit from operations</b>		168,791,149	128,300,833	86,227,753	63,453,122
Finance costs	33	(23,625,102)	(21,831,551)	(7,346,121)	(6,384,242)
Share of (losses)/profits in associated companies, net of tax		(1,211,779)	2,365,638	-	-
<b>Profit before taxation</b>	34	143,954,268	108,834,920	78,881,632	57,068,880
Taxation	35	(58,752,700)	(38,338,935)	(3,226,216)	(2,387,634)
<b>Net profit for the financial year</b>		85,201,568	70,495,985	75,655,416	54,681,246
Other comprehensive income, net of tax :					
Exchange translation differences for foreign operations		(2,101,650)	64,911,675	-	-
Gain/(Loss) on revaluation of available-for-sale financial assets		752,318	(21,232,278)	-	19,750
Reclassification adjustment for impairment loss on available-for-sale financial assets		27,025,897	-	-	-
Reclassification adjustment for disposal of available-for-sale financial assets		-	1,888,206	-	(73,824)
		25,676,565	45,567,603	-	(54,074)
<b>Total comprehensive income for the financial year</b>		110,878,133	116,063,588	75,655,416	54,627,172



# STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016  
(CONT'D)

		Group		Company	
	Note	2016 RM	2015 RM	2016 RM	2015 RM
<b>Net profit for the financial year attributable to:</b>					
Owners of the Parent		85,300,772	76,074,430	75,655,416	54,681,246
Non-controlling interests		(99,204)	(5,578,445)	-	-
		85,201,568	70,495,985	75,655,416	54,681,246
<b>Total comprehensive income for the financial year attributable to:</b>					
Owners of the Parent		112,712,168	126,835,601	75,655,416	54,627,172
Non-controlling interests		(1,834,035)	(10,772,013)	-	-
		110,878,133	116,063,588	75,655,416	54,627,172
<b>Earnings per share attributable to owners of the Parent (sen)</b>					
Basic earnings per share	36(a)	14.47	14.09		
Diluted earnings per share	36(b)	13.85	13.13		

The accompanying notes form an integral part of the financial statements.

# STATEMENTS OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

Group	Note	Attributable to owners of the Parent				Distributable Retained Profits RM	Total RM	Non- Controlling Interests RM	Total Equity RM
		Share Capital RM	Share Premium RM	Other Reserves RM	Treasury Shares RM				
At 1 January 2015		538,298,257	44,586,608	(38,422,577)	(14,678,685)	439,277,991	969,061,594	(7,207,160)	961,854,434
Net profit for the financial year		-	-	-	-	76,074,430	76,074,430	(5,578,445)	70,495,985
Foreign currency translation		-	-	70,105,243	-	-	70,105,243	(5,193,568)	64,911,675
Loss on revaluation of available-for-sale financial assets		-	-	(21,232,278)	-	-	(21,232,278)	-	(21,232,278)
Reclassification adjustment for disposal of available-for-sale financial assets		-	-	1,888,206	-	-	1,888,206	-	1,888,206
Total comprehensive income for the financial year		-	-	50,761,171	-	76,074,430	126,835,601	(10,772,013)	116,063,588
<b>Transactions with owners:</b>									
Changes in ownership interest in subsidiary companies	8(d)	-	-	(38,826,791)	-	-	(38,826,791)	(473,240)	(39,300,031)
Net changes of non-controlling interests		-	-	-	-	-	-	2,163,941	2,163,941
Dividends paid/payable	39	-	-	-	-	(50,478,466)	(50,478,466)	-	(50,478,466)
Dividends paid to non-controlling interests		-	-	-	-	-	-	(3,000,000)	(3,000,000)
Issuance of ordinary shares :									
- Exercise of warrants	21, 22, 24(e)	9,668,560	969,106	(965,356)	-	-	9,672,310	-	9,672,310
- Exercise of ESOS	21, 22	3,470,300	391,361	-	-	-	3,861,661	-	3,861,661
Own shares sold	22, 23	-	2,350,960	-	16,944,663	-	19,295,623	-	19,295,623
Realisation of ESOS reserve	24(b)	-	-	(291,590)	-	291,590	-	-	-
Share-based payment	24(b)	-	-	3,140,028	-	-	3,140,028	-	3,140,028
Shares repurchased	23	-	-	-	(10,900,389)	-	(10,900,389)	-	(10,900,389)
		13,138,860	3,711,427	(36,943,709)	6,044,274	(50,186,876)	(64,236,024)	(1,309,299)	(65,545,323)
At 31 December 2015		551,437,117	48,298,035	(24,605,115)	(8,634,411)	465,165,545	1,031,661,171	(19,288,472)	1,012,372,699

# STATEMENTS OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016  
(CONT'D)

Group	Note	Attributable to owners of the Parent					Total RM	Non- Controlling Interests RM	Total Equity RM
		Share Capital RM	Share Premium RM	Other Reserves RM	Treasury Shares RM	Distributable Retained Profits RM			
At 1 January 2016		551,437,117	48,298,035	(24,605,115)	(8,634,411)	465,165,545	1,031,661,171	(19,288,472)	1,012,372,699
Net profit for the financial year		-	-	-	-	85,300,772	85,300,772	(99,204)	85,201,568
Foreign currency translation		-	-	(366,819)	-	-	(366,819)	(1,734,831)	(2,101,650)
Gain on revaluation of available-for-sale financial assets		-	-	752,318	-	-	752,318	-	752,318
Reclassification adjustment for impairment loss on available-for-sale financial assets		-	-	27,025,897	-	-	27,025,897	-	27,025,897
Total comprehensive income for the financial year		-	-	27,411,396	-	85,300,772	112,712,168	(1,834,035)	110,878,133
<b>Transactions with owners:</b>									
Changes in ownership interest in subsidiary companies	8(d)	-	-	(127,025,486)	-	-	(127,025,486)	136,055,329	9,029,843
Net changes of non-controlling interests		-	-	-	-	-	-	16,106,921	16,106,921
Realisation of subsidiary company's reserve		-	-	-	-	-	-	(9,983,982)	(9,983,982)
Dividends paid/payable	39	-	-	-	-	(47,226,064)	(47,226,064)	-	(47,226,064)
Dividends paid to non-controlling interests		-	-	-	-	-	-	(2,000,000)	(2,000,000)
Issuance of ordinary shares :									
- Exercise of warrants	21, 22, 24(e)	86,989,456	18,045,919	(2,467,631)	-	-	102,567,744	-	102,567,744
- Exercise of ESOS	21, 22, 24(b)	2,997,900	7,626,285	(6,730,885)	-	-	3,893,300	-	3,893,300
Own shares sold	22, 23	-	265,027	-	8,570,515	-	8,835,542	-	8,835,542
Realisation of ESOS reserve	24(b)	-	-	(221,408)	-	221,408	-	-	-
Share-based payment	24(b)	-	-	2,573,613	-	-	2,573,613	-	2,573,613
Shares repurchased	23	-	-	-	(24,185)	-	(24,185)	-	(24,185)
		89,987,356	25,937,231	(133,871,797)	8,546,330	(47,004,656)	(56,405,536)	140,178,268	83,772,732
At 31 December 2016		641,424,473	74,235,266	(131,065,516)	(88,081)	503,461,661	1,087,967,803	119,055,761	1,207,023,564

# STATEMENTS OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016  
(CONT'D)

Company	Note	Non - distributable					Accumulated Losses RM	Total RM
		Share Capital RM	Share Premium RM	ESOS Reserve RM	Warrants Reserves RM	Treasury Shares RM	Fair value Reserve RM	
At 1 January 2015		538,298,257	44,586,608	9,945,172	5,171,672	(14,678,685)	54,074	(100,208,020) 483,169,078
Net profit for the financial year		-	-	-	-	-	-	54,681,246 54,681,246
Gain on revaluation of available-for-sale financial assets		-	-	-	-	-	19,750	- 19,750
Reclassification adjustment for disposal of available-for-sale financial assets		-	-	-	-	-	(73,824)	- (73,824)
Total comprehensive income for the financial year		-	-	-	-	-	(54,074)	54,681,246 54,627,172
<b>Transactions with owners:</b>								
Dividends paid/payable	39	-	-	-	-	-	-	(50,478,466) (50,478,466)
Issuance of shares:								
- Exercise of warrants	21, 22, 24(e)	9,668,560	969,106	-	(965,356)	-	-	- 9,672,310
- Exercise of ESOS	21, 22	3,470,300	391,361	-	-	-	-	- 3,861,661
Own shares sold	22, 23	-	2,350,960	-	-	16,944,663	-	- 19,295,623
Issuance of Warrants B	24(e)	-	-	-	64,122,052	-	(64,122,052)	- -
Realisation of warrants reserves	24(e)	-	-	-	(7,050)	-	7,050	- -
Realisation of ESOS reserve	24(b)	-	-	(291,590)	-	-	-	291,590 -
Share-based payment	24(b)	-	-	3,140,028	-	-	-	- 3,140,028
Shares repurchased	23	-	-	-	-	(10,900,389)	-	- (10,900,389)
		13,138,860	3,711,427	2,848,438	63,149,646	6,044,274	(64,115,002)	(50,186,876) (25,409,233)
At 31 December 2015		551,437,117	48,298,035	12,793,610	68,321,318	(8,634,411)	(64,115,002)	(95,713,650) 512,387,017

# STATEMENTS OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016  
(CONT'D)

		← Non - distributable →							
		Share Capital RM	Share Premium RM	ESOS Reserve RM	Warrants Reserves RM	Treasury Shares RM	Fair value Reserve RM	Accumulated Losses RM	Total RM
Company	Note								
At 1 January 2016		551,437,117	48,298,035	12,793,610	68,321,318	(8,634,411)	(64,115,002)	(95,713,650)	512,387,017
Net profit for the financial year		-	-	-	-	-	-	75,655,416	75,655,416
Total comprehensive income for the financial year		-	-	-	-	-	-	75,655,416	75,655,416
<b>Transactions with owners:</b>									
Dividends paid/payable	39	-	-	-	-	-	-	(47,226,064)	(47,226,064)
Issuance of shares:									
- Exercise of warrants	21, 22, 24(e)	86,989,456	18,045,919	-	(2,467,631)	-	-	-	102,567,744
- Exercise of ESOS	21, 22, 24(b)	2,997,900	7,626,285	(6,730,885)	-	-	-	-	3,893,300
Own shares sold	22, 23	-	265,027	-	-	8,570,515	-	-	8,835,542
Realisation of warrants reserves	24(e)	-	-	-	(29,287,181)	-	29,287,181	-	-
Realisation of ESOS reserve	24(b)	-	-	(221,408)	-	-	-	221,408	-
Share-based payment	24(b)	-	-	2,573,613	-	-	-	-	2,573,613
Shares repurchased	23	-	-	-	-	(24,185)	-	-	(24,185)
		89,987,356	25,937,231	(4,378,680)	(31,754,812)	8,546,330	29,287,181	(47,004,656)	70,619,950
At 31 December 2016		641,424,473	74,235,266	8,414,930	36,566,506	(88,081)	(34,827,821)	(67,062,890)	658,662,383

The accompanying notes form an integral part of the financial statements.

# CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

	2016 RM	2015 RM
<b>Cash Flows From Operating Activities</b>		
Profit before taxation :	143,954,268	108,834,920
Adjustments for:		
Allowance for impairment losses on:		
- Available-for-sale financial assets	27,025,897	-
- Goodwill arising on consolidation	6,040,342	2,926,366
- Investment in an associated company	-	3,578,431
- Other investments	-	100,000
- Trade and other receivables	651,782	-
Bad debts written off	313,971	29,263
Depreciation of :		
- Investment properties	796,128	757,554
- Property, plant and equipment	16,371,172	17,546,711
Interest expense	23,625,102	21,831,551
Inventories written down	-	36,400
Deposits written off	124,617	-
Property, plant and equipment written off	381,496	78,946
Property development cost written off	210,009	-
Share-based payment	2,573,613	3,140,028
Fair value loss/(gain) on revaluation of financial assets at fair value through profit or loss	32,067	(25,554)
Share of losses/(profits) in associated companies	1,211,779	(2,365,638)
Unrealised (gain)/loss on foreign exchange	(2,276,457)	1,841,631
Dividend income from :		
- Available-for-sale financial assets	(1,478,101)	(720,386)
- Financial assets at fair value through profit or loss	(471,586)	(97,547)
(Gain)/Loss on disposal of :		
- Available-for-sale financial assets	(3,420,254)	(588,190)
- Financial assets at fair value through profit or loss	(36,730)	(333,757)
- Investment properties	(1,427,482)	-
- Property, plant and equipment	(286,796)	305,830
- Non-current assets classified as held for sale	(4,963,823)	-
Provision for staff economic compensation written back	(3,475,201)	-
Gain on remeasurement of previously held equity interest	(2,928,131)	-
Interest income	(10,052,298)	(5,108,038)
Interest income from financial assets measured at amortised cost	(1,490,070)	(12,234,392)
Reversal of allowance for impairment losses on receivable	(1,522)	(12,718)
Grant income	(21,665,128)	-
Waiver of debts	(7)	(14,300)
<b>Operating profit before working capital changes</b>	<b>169,338,657</b>	<b>139,507,111</b>

# CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016  
(CONT'D)

	2016 RM	2015 RM
<b>Changes in working capital</b>		
Land and property development costs	(116,674,564)	(100,189,463)
Inventories	(110,687,600)	(66,421,061)
Amount owing by/to customers on contracts	6,087,685	4,146,785
Accrued/Progress billings in respect of land and property development costs	(209,537,756)	(96,982,135)
Trade receivables	(112,756,211)	(16,427,273)
Other receivables	157,827,544	24,932,287
Trade payables	234,907,116	77,276,886
Other payables	(58,466,803)	25,271,860
Foreign exchange reserve	1,979,787	123,197
	(207,320,802)	(148,268,917)
<b>Cash used in operations</b>	(37,982,145)	(8,761,806)
Dividends received	1,478,101	720,386
Interest received	10,052,298	5,108,038
Interest paid	(44,056,003)	(31,704,807)
Grant income received	20,424,317	-
Tax paid	(60,099,885)	(46,996,726)
Tax refund	1,212,276	997,333
	(70,988,896)	(71,875,776)
<b>Net cash used in operating activities</b>	(108,971,041)	(80,637,582)

# CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016  
(CONT'D)

	Note	2016 RM	2015 RM
<b>Cash Flows From Investing Activities</b>			
Additional investment in :			
- Associated company		-	(773,608)
- Available-for-sale financial assets		-	(166,592)
- Subsidiary companies		(51,712,774)	(35,800,226)
- Financial assets at fair value through profit or loss		(44,000,000)	(128,200,000)
Capital work-in-progress incurred		(4,056,604)	(6,209,768)
Net cash (outflows)/inflows from acquisition of subsidiary companies	8(b)	(53,903,713)	451
Proceeds from disposal of :			
- Available-for-sale financial assets		33,570,254	44,782,439
- Financial assets at fair value through profit or loss		82,122,159	117,190,595
- Non-current assets classified as held for sale		17,050,000	-
- Promissory note		199,718,596	105,683,759
- Property, plant and equipment		1,000,410	754,483
Purchase of :			
- Investment properties		-	(317,045)
- Property, plant and equipment	4(e)	(8,080,121)	(6,840,482)
Deposits and consideration paid for the acquisition and joint venture of development lands		(134,945,689)	(145,799,618)
Repayment of prior year investment in subsidiary and associated companies		(4,167,780)	(8,886,000)
<b>Net cash generated from/(used in) investing activities</b>		<b>32,594,738</b>	<b>(64,581,612)</b>



# CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016  
(CONT'D)

	2016 RM	2015 RM
<b>Cash Flows From Financing Activities</b>		
(Increase)/decrease in fixed deposits pledged	(19,769,355)	22,217,635
Increase in cash and bank balances pledged	(764,684)	(398,607)
Drawdown of bank borrowings	351,813,173	247,794,135
Repayment of bank borrowings	(375,731,489)	(228,423,687)
Dividends paid	(66,917,460)	(49,562,724)
Dividends paid to non-controlling interests	(2,000,000)	(3,000,000)
Purchase of treasury shares	(24,185)	(10,900,389)
Proceeds from :		
- Exercise of ESOS	3,893,300	3,861,661
- Exercise of warrants	102,567,744	9,672,310
- Disposal of treasury shares	8,835,542	19,295,623
Repayment of :		
- Finance lease payables	(2,062,384)	(2,129,940)
- Islamic Securities	-	(10,000,000)
<b>Net cash used in financing activities</b>	(159,798)	(1,573,983)
<b>Net decrease in cash and cash equivalents</b>	(76,536,101)	(146,793,177)
<b>Effects of exchange rate changes</b>	1,972,492	33,363,908
<b>Cash and cash equivalents at the beginning of the financial year</b>	154,359,794	267,789,063
<b>Cash and cash equivalents at the end of the financial year</b>	79,796,185	154,359,794
<b>Cash and cash equivalents at the end of the financial year comprise:</b>		
Fixed deposits with licensed banks	49,079,352	33,471,075
Cash held under Housing Development Accounts	74,387,290	87,735,381
Cash and bank balances	107,332,047	106,385,800
Bank overdrafts	(100,901,943)	(43,665,940)
	129,896,746	183,926,316
Less: Fixed deposits pledged to licensed banks	(40,221,758)	(20,452,403)
Cash and bank balances pledged	(9,878,803)	(9,114,119)
	79,796,185	154,359,794

The accompanying notes form an integral part of the financial statements.

# STATEMENT OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

	2016 RM	2015 RM
<b>Cash Flows From Operating Activities</b>		
Profit before taxation	78,881,632	57,068,880
Adjustments for:		
Allowance for impairment losses on investment in an associated company	-	3,578,431
Dividend income from financial assets at fair value through profit or loss	(122,938)	(40,141)
Interest expense	7,346,121	6,384,242
Share-based payment	2,573,613	3,140,028
Unrealised loss on foreign exchange	5,495,212	2,230,125
Reversal of allowance for impairment losses on investment in an associated companies	(4,072)	-
Fair value gain on revaluation of financial assets at fair value through profit or loss	-	(29,697)
Gain on disposal of financial assets at fair value through profit or loss	(27,602)	(104,141)
Gain on remeasurement of previously held equity interest	(5,602,897)	-
Interest income	(14,980,963)	(10,977,325)
Dividend income	(80,277,184)	(65,035,000)
<b>Operating loss before working capital changes</b>	(6,719,078)	(3,784,598)
<b>Changes in working capital</b>		
Other receivables	(222,518)	33,986,543
Other payables	1,284	85,293
Amount owing to/by subsidiary companies	(124,184,184)	(110,134,482)
	(124,405,418)	(76,062,646)
<b>Cash used in operations</b>	(131,124,496)	(79,847,244)
Dividends received	83,477,184	95,818,360
Interest received	14,980,963	10,977,325
Interest paid	(7,346,121)	(6,384,242)
Tax refund	-	155,374
Tax paid	(2,975,526)	(2,336,749)
	88,136,500	98,230,068
<b>Net cash (used in)/generated from operating activities</b>	(42,987,996)	18,382,824
<b>Cash Flows From Investing Activities</b>		
Additional investment in :		
- Financial assets at fair value through profit or loss	(7,000,000)	(29,000,000)
- An associated company	-	(763,458)
- An subsidiary company	(13,147,672)	-
Proceeds from disposal of financial assets at fair value through profit or loss	18,180,236	40,160,980
<b>Net cash (used in)/generated from investing activities</b>	(1,967,436)	10,397,522



# STATEMENT OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016  
(CONT'D)

	Note	2016 RM	2015 RM
<b>Cash Flows From Financing Activities</b>			
Dividends paid		(66,917,460)	(49,562,724)
(Increase)/decrease in fixed deposits pledged		(21,100,448)	1,450,227
Decrease/(increase) in cash and bank balances pledged		20,883	(176,515)
Drawdown of bank borrowings		9,390,117	15,000,000
Repayment of bank borrowings		(12,431,997)	(6,762,975)
Repayment of Islamic Securities		-	(10,000,000)
Proceeds from:			
- Exercise of ESOS		3,893,300	3,861,661
- Exercise of warrants		102,567,744	9,672,310
- Disposal of treasury shares		8,835,542	19,295,623
Purchase of treasury shares		(24,185)	(10,900,389)
<b>Net cash generated from/(used in) financing activities</b>		24,233,496	(28,122,782)
<b>Net (decrease)/increase in cash and cash equivalents</b>		(20,721,936)	657,564
<b>Effects of exchange rate changes</b>		231,772	943,978
<b>Cash and cash equivalents at beginning of the financial year</b>		713,006	(888,536)
<b>Cash and cash equivalents at end of the financial year</b>	#	(19,777,158)	713,006
<b>Cash and cash equivalents at end of the financial year comprise:</b>			
Fixed deposits with licensed banks		31,442,414	15,670,959
Cash and bank balances		23,577,418	4,739,917
Bank overdrafts		(42,650,845)	(8,631,290)
		12,368,987	11,779,586
Less: Fixed deposits pledged with licensed banks		(31,442,414)	(10,341,966)
Cash and bank balances pledged		(703,731)	(724,614)
	#	(19,777,158)	713,006

# Negative cash and cash equivalents was due to pledge of a fixed deposit to secure a bank overdraft. In February 2017, the bank overdraft was fully settled and the pledge of fixed deposit was subsequently discharged.

The accompanying notes form an integral part of the financial statements.

# NOTES TO THE FINANCIAL STATEMENTS

## 1. CORPORATE INFORMATION

The Company is a public limited liability company, incorporated and domiciled in Malaysia and is listed on the Main Market of Bursa Malaysia Securities Berhad.

The registered office and principal place of business of the Company is located at Plaza Seri Setia, Level 1 - 4, No. 1, Jalan SS9/2, 47300 Petaling Jaya, Selangor Darul Ehsan.

The principal activities of the Company are investment holding and provision of management services to subsidiary companies in the Group. The principal activities of its subsidiary companies are disclosed in Note 50 to the financial statements. There have been no significant changes in the nature of these activities of the Company and its subsidiary companies during the financial year.

The holding company is Gaterich Sdn. Bhd., a private limited liability company, incorporated under the Company Act, 1965 and domiciled in Malaysia.

## 2. BASIS OF PREPARATION

### (a) Statement of compliance

The financial statements of the Group and of the Company have been prepared in accordance with Financial Reporting Standards ("FRSs") and the requirements of the Companies Act, 1965 in Malaysia.

The financial statements of the Group and of the Company have been prepared under the historical cost convention, unless otherwise indicated in the significant accounting policies below.

### Adoption of new and amended standards

During the financial year, the Group and the Company have adopted the following amendments to FRSs issued by the Malaysian Accounting Standards Board ("MASB") that are mandatory for the current financial year:

FRS 14	Regulatory Deferral Accounts
Amendments to FRS 10, FRS 12 and FRS 128	Investment Entities: Applying to Consolidation Exception
Amendments to FRS 11	Accounting for Acquisitions of Interests in Joint Operations
Amendments to FRS 101	Disclosure Initiative
Amendments to FRS 116 and FRS 138	Clarification of Acceptable Methods of Depreciation and Amortisation
Amendments to FRS 127	Equity Method in Separate Financial Statements
Annual Improvements to FRSs 2012 – 2014 Cycle	

Adoption of above amendments to FRSs did not have any significant impact on the financial statements of the Group and of the Company.

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

## 2. BASIS OF PREPARATION (CONT'D)

### (a) Statement of compliance (cont'd)

#### Standards issued but not yet effective

The Group and the Company have not applied the following new FRSs, interpretation and amendments to FRSs that have been issued by the MASB but are not yet effective for the Group and for the Company:

		Effective dates for financial periods beginning on or after
Amendments to FRS 107	Disclosure Initiative	1 January 2017
Amendments to FRS 112	Recognition of Deferred Tax Assets for Unrealised Losses	1 January 2017
Annual Improvements to FRSs 2014 – 2016 Cycle		
• Amendments to FRS 12		1 January 2017
• Amendments to FRS 1		1 January 2018
• Amendments to FRS 128		1 January 2018
FRS 9	Financial Instruments (IFRS 9 issued by IASB in July 2014)	1 January 2018
Amendments to FRS 2	Classification and Measurement of Share-based Payment Transactions	1 January 2018
Amendments to FRS 140	Transfer of Investment Property	1 January 2018
Amendments to FRS 4	Applying <i>FRS 9 Financial Instruments with FRS 4 Insurance Contracts</i>	1 January 2018 *
IC Interpretation 22	Foreign Currency Transactions and Advance Consideration	1 January 2018
Amendments to FRS 10 and FRS 128	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred until further notice

Note:

\* Entities that meet the specific criteria in FRS 4, paragraph 20B, may choose to defer the application of FRS 9 until that earlier of the application of the forthcoming insurance contracts standard or annual periods beginning before 1 January 2021.

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

## 2. BASIS OF PREPARATION (CONT'D)

### (a) Statement of compliance (cont'd)

#### **Standards issued but not yet effective (cont'd)**

The Group and the Company intend to adopt the above FRSs when they become effective.

The initial application of the abovementioned FRSs are not expected to have any significant impact on the financial statements of the Group and of the Company except as mentioned below:

#### **FRS 9 Financial Instruments (IFRS 9 issued by IASB in July 2014)**

FRS 9 (IFRS 9 issued by IASB in July 2014) replaces earlier versions of FRS 9 and introduces a package of improvements which includes a classification and measurement model, a single forward looking 'expected loss' impairment model and a substantially reformed approach to hedge accounting. FRS 9 when effective will replace FRS 139 *Financial Instruments: Recognition and Measurement*.

FRS 9 retains but simplifies the mixed measurement model and establishes three primary measurement categories for financial assets: amortised cost, fair value through other comprehensive income and fair value through profit or loss. The basis of classification depends on the entity's business model and the contractual cash flow characteristics of the financial assets. Investment in equity instruments are required to be measured at fair value through profit or loss with the irrevocable option at inception to present changes in fair value in other comprehensive income without subsequent recycling to profit or loss. There is now a new expected credit losses model that replaces the incurred loss impairment model used in FRS 139.

For financial liabilities there were no changes to classification and measurement except for the recognition of changes in own credit risk in other comprehensive income, for liabilities designated at fair value through profit or loss. FRS 9 relaxes the requirements for hedge effectiveness by replacing the bright line hedge effectiveness tests. It requires an economic relationship between the hedged item and hedging instrument and for the 'hedged ratio' to be the same as the one management actually use for risk management purposes. Contemporaneous documentation is still required but is different to that currently prepared under FRS 139.

The adoption of FRS 9 will result in a change in accounting policy. The Group is currently examining the financial impact of adopting FRS 9.

#### **New Malaysian Financial Reporting Standards ("MFRS Framework") issued but not yet effective**

On 19 November 2011, the MASB issued a new MASB approved accounting framework, the Malaysian Financial Reporting Standards ("MFRS Framework"). The MFRS Framework is to be applied by all Entities Other Than Private Entities for annual periods beginning on or after 1 January 2012, with the exception of entities that are within the scope of MFRS 141 Agriculture and IC Interpretation 15 *Agreements for Construction of Real Estate*, including its parent, significant investor and venturer (hereinafter called "Transitioning Entities").

Transitioning Entities will be allowed to defer adoption of the new MFRS Framework and continue to use the existing FRS Framework. The adoption of the MFRS Framework by Transitioning Entities will be mandatory for annual periods beginning on or after 1 January 2018.

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

## 2. BASIS OF PREPARATION (CONT'D)

### (a) Statement of compliance (cont'd)

#### **New Malaysian Financial Reporting Standards ("MFRS Framework") issued but not yet effective (cont'd)**

The Group and the Company fall within the scope definition of Transitioning Entities and accordingly, will be required to prepare financial statements using the MFRS Framework in their first MFRS financial statements for the financial year ending 31 December 2018. In presenting their first MFRS financial statements, the Group and the Company will be required to restate the comparative financial statements to amounts reflecting the application of the MFRS Framework. The majority of the adjustments required on transition will be made, retrospectively, against opening retained earnings.

The Group and the Company have not completed its assessment of the financial effects of the differences between FRSs and accounting standards under the MFRS Framework. Accordingly, the consolidated and separate financial performance and financial position as disclosed in these financial statements for the financial year ended 31 December 2016 could be different if prepared under the MFRS Framework.

### (b) Functional and presentation currency

These financial statements are presented in Ringgit Malaysia ("RM") which is the Group's and the Company's functional currency. All financial information is presented in RM and has been rounded to the nearest RM except when otherwise stated.

### (c) Significant accounting judgements, estimates and assumptions

The preparation of the Group's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities at the reporting date. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amounts of the assets or liabilities affected in the future.

#### **Judgments**

There are no significant areas of critical judgement in applying accounting policies that have significant effect on the amounts recognised in the financial statements.

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

## 2. BASIS OF PREPARATION (CONT'D)

### (c) Significant accounting judgements, estimates and assumptions (cont'd)

#### Key sources of estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are set out below:

#### (i) Useful lives of property, plant and equipment and investment properties

The Group regularly review the estimated useful lives of property, plant and equipment and investment properties based on factors such as business plan and strategies, expected level of usage and future technological developments. Future results of operations could be materially affected by changes in these estimates brought about by changes in the factors mentioned above. A reduction in the estimated useful lives of property, plant and equipment and investment properties would increase the recorded depreciation and decrease the value of property, plant and equipment and investment properties. The carrying amount at the reporting date for property, plant and equipment and investment properties are disclosed in Notes 4 and 7 respectively.

#### (ii) Property development

The Group recognises property development revenue and expenses in the profit or loss by using the stage of completion method. The stage of completion is determined by the proportion that property development costs incurred for work performed to date bear to the estimated total property development costs.

Significant judgement is required in determining the stage of completion, the extent of the property development cost incurred, the estimated total property development revenue and costs, as well as the recoverability of the development projects. In making the judgement, the Group evaluates based on past experience and by relying on the work of specialists. The carrying amount of the Group's property development costs at the reporting date is disclosed in Note 6.

#### (iii) Impairment of investment in subsidiary companies

The Company reviews its investments in subsidiary companies when there are indicators of impairment. Impairment is measured by comparing the carrying amount of an investment with its recoverable amount. Significant judgement is required in determining the recoverable amount. Estimating the recoverable amount requires the Company to make an estimate of the expected future cash flows from the cash-generating units and also to determine a suitable discount rate in order to calculate the present value of those cash flows.

The carrying amount at the reporting date for investment in subsidiary companies is disclosed in Note 8.



# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

## 2. BASIS OF PREPARATION (CONT'D)

### (c) Significant accounting judgements, estimates and assumptions (cont'd)

#### Key sources of estimation uncertainty (cont'd)

##### (iv) Impairment of investment in associated companies

The Group reviews its investments in associated companies when there are indicators of impairment. Impairment is measured by comparing the carrying amount of an investment with its recoverable amount. Significant judgement is required in determining the recoverable amount. The Group evaluates the recoverable amount based on market performance, economic and political situation of the country in which the associated companies operate.

The carrying amount at the reporting date for investment in associated companies are disclosed in Note 9.

##### (v) Impairment of loans and receivables

The Group assesses at end of each reporting period whether there is any objective evidence that a receivable is impaired. To determine whether there is objective evidence of impairment, the Group considers factors such as the probability of insolvency or significant financial difficulties of the receivables and default or significant delay in payments.

Where there is objective evidence of impairment, the amount and timing of future cash flows are estimated based on historical loss experience of assets with similar credit risk characteristics. The carrying amount at the reporting date for loan and receivables are disclosed in Notes 10, 15, 16, and 17 respectively.

##### (vi) Impairment of goodwill on consolidation

The Group determines whether goodwill is impaired at least on an annual basis. This requires an estimation of the value-in-use of the cash-generating units to which the goodwill is allocated. Estimating the value-in-use amount requires the Group to make an estimate of the expected future cash flows from the cash-generating unit and also to choose a suitable discount rate in order to calculate the present value of those cash flows. The key assumptions used to determine the value-in-use is disclosed in Note 12.

##### (vii) Deferred tax assets

Deferred tax assets are recognised for all unused tax losses, unabsorbed capital allowances and other deductible temporary differences to the extent that it is probable that taxable profit will be available against which the unused tax losses, unabsorbed capital allowances and other deductible temporary differences can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies. The details of carrying value of recognised and unrecognised of deferred tax assets are disclosed in Note 29.

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

## 2. BASIS OF PREPARATION (CONT'D)

### (c) Significant accounting judgements, estimates and assumptions (cont'd)

#### Key sources of estimation uncertainty (cont'd)

##### (viii) Inventories valuation

Inventories are measured at the lower of cost and net realisable value. The Group estimates the net realisable value of inventories based on an assessment of expected sales prices. Demand levels and pricing competition could change from time to time. If such factors result in an adverse effect on the Group's products, the Group might be required to reduce the value of its inventories. The details of inventories are disclosed in Note 13.

##### (ix) Construction contracts

The Group recognises construction contracts revenue and expenses in the profit or loss by using the stage of completion method. The stage of completion is determined by the proportion that construction costs incurred for work performed to date bear to the estimated total construction costs.

Significant judgement is required in determining the stage of completion, the extent of the construction costs incurred, the estimated total construction revenue and costs, as well as the recoverability of the construction projects. In making the judgement, the Group evaluates based on experience and by relying on the work of specialists. The details of construction contracts are disclosed in Note 14.

##### (x) Income taxes

Judgment is involved in determining the provision for income taxes. There are certain transactions and computations for which the ultimate tax determination is uncertain during the ordinary course of business.

The Group recognises liabilities for expected tax issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recognised, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made. As at 31 December 2016, the Group and the Company have tax recoverable and tax payable of RM6,844,123 and RM Nil (2015: RM8,042,029 and RM160,778) and RM22,487,451 and RM89,909 (2015: RM10,881,484 and RM Nil) respectively.

##### (xi) Employees' Share Option Scheme

The Group measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. Estimating fair value for share-based payment transactions requires determining the most appropriate valuation model, which is dependent on the terms and conditions of the grant. This estimate also requires determining the most appropriate inputs to the valuation model including the expected life of the share option, volatility and dividend yield and making assumptions about them. The details of assumptions made in respect of the share-based payment scheme are disclosed in Note 37.

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

## 2. BASIS OF PREPARATION (CONT'D)

### (c) Significant accounting judgements, estimates and assumptions (cont'd)

#### Key sources of estimation uncertainty (cont'd)

##### (xii) Fair value of financial instruments

Management uses valuation techniques in measuring the fair value of financial instruments where active market quotes are not available. Details of the assumptions used are given in the Note 43(c) regarding financial assets and liabilities. In applying the valuation techniques, management makes maximum use of market inputs, and uses estimates and assumptions that are, as far as possible, consistent with observable data that market participants would use in pricing the instrument. Where applicable data is not observable, management uses its best estimate about the assumptions that market participants would make. These estimates may vary from the actual prices that would be achieved in an arm's length transaction at the end of the reporting period.

##### (xiii) Contingent liabilities

Determination of the treatment of contingent liabilities is based on management's view of the expected outcome of the contingencies after consulting internal and external experts to the Group, for matters in the ordinary course of business. The details of contingent liabilities are disclosed in Note 49.

## 3. SIGNIFICANT ACCOUNTING POLICIES

The Group and the Company apply the significant accounting policies set out below, consistently throughout all periods presented in the financial statements unless otherwise stated.

### (a) Basis of consolidation

#### (i) Subsidiary companies

Subsidiary companies are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiary companies are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

The Group applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary company is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in business combination are measured initially at their fair values at the acquisition date. The Group recognises any non-controlling interests in the acquiree on an acquisition-by-acquisition basis, either at fair value or at the non-controlling interest's proportionate share of the recognised amounts of acquiree's identifiable net assets.

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

## 3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### (a) Basis of consolidation (cont'd)

#### (i) Subsidiary companies (cont'd)

Acquisition-related costs are expensed off in profit or loss as incurred.

If the business combination is achieved in stages, previously held equity interest in the acquiree is re-measured at its acquisition date fair value and the resulting gain or loss is recognised in profit or loss.

Any contingent consideration to be transferred by the Group is recognised at fair value at the acquisition date. Contingent consideration classified as an asset or liability that is a financial instruments and within the scope of FRS 139 *Financial Instruments: Recognition and Measurement*, is measured at fair value with the changes in fair value recognised in profit or loss. Contingent consideration that is classified as equity is not re-measured, and its subsequent settlement is accounted for within equity.

Inter-company transactions, balances and unrealised gains or losses on transactions between Group companies are eliminated. Unrealised losses are eliminated only if there is no indication of impairment. Where necessary, accounting policies of subsidiary companies have been changed to ensure consistency with the policies adopted by the Group.

In the Company's separate financial statements, investment in subsidiary companies is stated at cost less accumulated impairment losses. On disposal of such investments, the difference between net disposal proceeds and their carrying amounts are recognised in profit or loss. Where an indication of impairment exists, the carrying amount of the investment is assessed and written down immediately to its recoverable amount. See accounting policy Note 3(m)(i) to the financial statements on impairment of non-financial assets.

#### (ii) Changes in ownership interests in subsidiary companies without change of control

Transactions with non-controlling interests that do not result in loss of control are accounted for as equity transactions – that is, as transactions with the owners in their capacity as owners. The difference between fair value of any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary company is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

#### (iii) Disposal of subsidiary companies

If the Group loses control of a subsidiary company, the assets and liabilities of the subsidiary company, including any goodwill, and non-controlling interests are derecognised at their carrying value on the date that control is lost. Any remaining investment in the entity is recognised at fair value. The difference between the fair value of consideration received and the amounts derecognised and the remaining fair value of the investment is recognised as a gain or loss on disposal in profit or loss. Any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities.

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

## 3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### (a) Basis of consolidation (cont'd)

#### (iv) Goodwill on consolidation

The excess of the aggregate of the consideration transferred, the amount of any non-controlling interests in the acquiree and the acquisition date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets acquired is recorded as goodwill. If the total consideration transferred, non-controlling interest recognised and previously held interest measured at fair value is less than the fair value of the net assets of the subsidiary company acquired (ie. a bargain purchase), the gain is recognised in profit or loss.

Following the initial recognition, goodwill is measured at cost less accumulated impairment losses. Goodwill is not amortised but instead, it is reviewed for impairment annually or more frequent when there is objective evidence that the carrying value may be impaired. See accounting policy Note 3(m)(i) to the financial statements on impairment of non-financial assets.

### (b) Investment in associated companies

An associated company is an entity over which the Group and the Company have significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies.

On acquisition of an investment in an associated company, any excess of the cost of investment over the Group's share of the net fair value of the identifiable assets and liabilities of the investee is recognised as goodwill and included in the carrying amount of the investment. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities of the investee over the cost of investment is excluded from the carrying amount of the investment and is instead included as income in the determination of the Group's share of associated companies' profit or loss for the period in which the investment is acquired.

An associated company is equity accounted for from the date on which the investee becomes an associated company. Under the equity method, on initial recognition of the investment in an associated company is recognised at cost and the carrying amount is increased or decreased to recognise the Group's share of profit or loss and other comprehensive income of the associated companies after the date of acquisition. When the Group's share of losses in an associated company exceeds the carrying amount of the investment, the Group does not recognise further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associated companies.

Profits or losses resulting from upstream and downstream transactions between the Group and its associated companies are recognised in the Group's consolidated financial statements only to the extent of unrelated investors' interests in the associate. Unrealised losses are eliminated unless the transaction provides evidence of an impairment of the assets transferred.

The financial statements of the associated companies are prepared as of the same reporting date as the Company. Where necessary, adjustments are made to bring the accounting policies in line with those of the Group.

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

### 3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

#### (b) Investment in associated companies (cont'd)

After application of the equity method, the Group applies FRS 139 to determine whether it is necessary to recognise any additional impairment loss with respect to its net investment in the associated companies. When necessary, the entire carrying amount of the investment is tested for impairment in accordance with FRS 136 *Impairment of Assets* as a single assets, by comparing its recoverable amount (higher of value-in-use and fair value less costs to sell) with its carrying amount. Any impairment loss is recognised in profit or loss. Reversal of an impairment loss is recognised to the extent that the recoverable amount of the investment subsequently increases.

Upon loss of significant influence over the associated companies, the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the associated companies upon loss of significant influence and the fair value of the retained investment and proceeds from disposal is recognised in profit or loss.

In the Company's separate financial statements, investment in associated companies is stated at cost less accumulated impairment losses. On disposal of such investments, the difference between net disposal proceeds and their carrying amounts are recognised in profit or loss. Where an indication of impairment exists, the carrying amount of the investment is assessed and written down immediately to its recoverable amount. See accounting policy Note 3(m)(i) to the financial statements on impairment of non-financial assets.

#### (c) Foreign currency transaction

##### (i) Foreign currency transactions and balances

Transactions in foreign currency are recorded in the functional currency of the respective Group entities using the exchange rates prevailing at the dates of the transactions. At each reporting date, monetary items denominated in foreign currencies are retranslated at the rates prevailing on that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items or on translating monetary items at the reporting date are included in profit or loss except for exchange differences arising on monetary items that form part of the Group's net investment in foreign operation. These are initially taken directly to the foreign currency translation reserve within equity until the disposal of the foreign operations, at which time they are recognised in profit or loss. Exchange differences arising on monetary items that form part of the Company's net investment in foreign operation are recognised in profit or loss in the Company's financial statements or the individual financial statements of the foreign operation, as appropriate.

Exchange differences arising on the translation of non-monetary items carried at fair value are included in profit or loss for the reporting period except for the differences arising on the translation of non-monetary items in respect of which gains and losses are recognised in other comprehensive income. Exchange differences arising from such non-monetary items are also recognised in other comprehensive income.



# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

## 3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### (c) Foreign currency transaction (cont'd)

#### (ii) Foreign operations

The assets and liabilities of foreign operations denominated in functional currencies other than RM are translated to RM at the rate of exchange prevailing at the reporting date and income and expenses, excluding foreign operations in hyperinflationary economies, are translated to RM at exchange rates at the dates of the transactions.

Goodwill and fair value adjustments arising on the acquisition of foreign operations on or after 1 January 2006 are treated as assets and liabilities of the foreign operations and are recorded in the functional currency of the foreign operations and translated at the closing rate at the reporting date.

Goodwill and fair value adjustment which arose on the acquisition of foreign subsidiaries before 1 January 2006 are deemed to be assets and liabilities of the parent company and are recorded in RM at the rates prevailing at the date of acquisition.

Foreign currency differences are recognised in other comprehensive income and accumulated in the foreign currency translation reserve ("FCTR") in equity. However, if the operation is a non-wholly-owned subsidiary company, then the relevant proportionate share of the translation difference is allocated to the non-controlling interests. When a foreign operation is disposed of such that control, significant influence or joint control is lost, the cumulative amount in the FCTR related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal.

When the Group disposes of only part of its interest in a subsidiary company that includes a foreign operation, the relevant proportion of the cumulative amount is reattributed to non-controlling interests. When the Group disposes of only part of its investment in an associate or joint venture that includes a foreign operation while retaining significant influence or joint control, the relevant proportion of the cumulative amount is reclassified to profit or loss.

### (d) Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses. The policy for the recognition and measurement of impairment is in accordance with Note 3(m)(i) to the financial statements.

#### (i) Recognition and measurement

Cost includes expenditures that are directly attributable to the acquisition of the asset and any other costs directly attributable to bringing the asset to working condition for its intended use, cost of replacing component parts of the assets, and the present value of the expected cost for the decommissioning of the assets after their use. The cost of self-constructed assets also includes the cost of materials and direct labour. For qualifying assets, borrowing costs are capitalised in accordance with the accounting policy on borrowing costs. All other repair and maintenance costs are recognised in profit or loss as incurred.

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

### 3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

#### (d) Property, plant and equipment (cont'd)

##### (i) Recognition and measurement (cont'd)

The cost of property, plant and equipment recognised as a result of a business combination is based on fair value at acquisition date. The fair value of property is the estimated amount for which a property could be exchanged on the date of valuation between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion. The fair value of other items of plant and equipment is based on the quoted market prices for similar items.

When significant parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Property, plant and equipment are derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Gains or losses arising on the disposal of property, plant and equipment are determined as the difference between the disposal proceeds and the carrying amount of the assets and are recognised in profit or loss.

##### (ii) Reclassification to investment property

When the use of a property changes from owner-occupied to investment property, the property is reclassified as investment property and accounted for in accordance with Note 3(g) to the financial statements.

##### (iii) Subsequent costs

The cost of replacing part of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Group and its cost can be measured reliably. The costs of the day-to-day servicing of property, plant and equipment are recognised in the profit or loss as incurred.

##### (iv) Depreciation

Depreciation is recognised in the profit or loss on a straight-line basis over the estimated useful lives of property, plant and equipment. Leased assets are depreciated over the shorter of the lease term and their useful lives. Property, plant and equipment under construction are not depreciated until the assets are ready for their intended use.



# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

## 3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### (d) Property, plant and equipment (cont'd)

#### (iv) Depreciation (cont'd)

Property, plant and equipment are depreciated based on the estimated useful lives of the assets as follows:

Leasehold land	Over the remaining period of the lease
Buildings	20 to 50 years
Motor vehicles	5 years
Office equipment, furniture and fittings	2 to 10 years
Renovations	5 to 10 years
Plant, machinery and equipment	5 to 10 years
Motor racing circuit	20 years

The residual values, useful lives and depreciation method are reviewed at each reporting period end to ensure that the amount, method and period of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the property, plant and equipment.

### (e) Capital work-in-progress

Capital work-in progress consists of expenditure incurred on construction of property, plant and equipment and investment properties which takes a substantial period of time to be ready for their intended use.

Capital work-in-progress is stated at cost during the period of construction. No depreciation is provided on capital work-in-progress and upon completion of construction, the cost will be transferred to property, plant and equipment or investment properties.

### (f) Land and property development costs

#### (i) Land held for property development

Land held for property development consists of land held for future development activities where no development activities has been undertaken or where development activities are not expected to be completed within normal operating cycle. Such land is classified as non-current asset and is stated at cost less any accumulated impairment losses. The policy of recognition and measurement of impairment is in accordance with Note 3(m)(i) to the financial statements.

Land held for property development shall be reclassified to current asset when the development activities have commenced or development activities are expected to commence within the period of twelve months after the end of financial year and where it can be demonstrated that the development activities can be completed within the normal operating cycle.

Cost associated with the acquisition of land includes the purchase price of the land, professional fees, stamp duties, commissions, conversion fees and other relevant levies.

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

## 3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### (f) Land and property development costs (cont'd)

#### (ii) Property development costs

Property development costs comprise all costs that are directly attributable to development activities or that can be allocated on a reasonable basis to such activities.

Property development costs shall be classified as non-current asset where no development activities have been carried out or development activities are not expected to commence within the period of twelve months after the end of financial year or where development activities are not expected to be completed within the normal operating cycle.

Property development costs shall be reclassified to current asset when the development activities have been commenced or development activities are expected to commence within the period of twelve months after the end of financial year and where the activities are expected to be completed within the normal operating cycle.

When the financial outcome of development activity can be reliably estimated, property development revenue and expenses are recognised in the profit or loss by using the stage of completion. The stage of completion is determined by the proportion that property development costs incurred for work performed to date bear to the estimated total property development costs.

When the financial outcome of a development activity cannot be reliably estimated, property development revenue is recognised only to the extent of property development costs incurred that is probable will be recoverable, and property development costs on units sold are recognised as an expense in the period in which they are incurred.

Any expected loss on a development project including costs to be incurred over the defect liability period shall be recognised as an expense immediately.

Property development costs not recognised as an expense are recognised as an asset, which measured at the lower of cost and net realisable value.

When the revenue recognised in the profit or loss exceeds billings to purchasers, the balance is shown as accrued billings under current assets. When the billings to purchasers exceed the revenue recognised in the profit or loss, the balance is shown as progress billings under current liabilities.

### (g) Investment properties

Investment properties are properties held either to earn rental income or for capital appreciation or for both. Investment properties are measured at cost, including transaction costs, less any accumulated depreciation and impairment losses.

The carrying amount includes the cost of replacing part of an existing investment property at the time that cost is incurred if the recognition criteria are met and excludes the costs of day-to-day servicing of an investment property.

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

## 3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### (g) Investment properties (cont'd)

Investment properties are depreciated on a straight-line basis to write down the cost of each asset to their residual values over their estimated useful lives. The principal annual depreciation rate for buildings is 20 to 50 years. The residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each reporting date.

Where an indication of impairment exists, the carrying amount of the asset is assessed and written down immediately to its recoverable amount. See accounting policy Note 3(m)(i) to the financial statements on impairment of non-financial assets.

Investment properties are derecognised upon disposal or when they are permanently withdrawn from use and no future economic benefits are expected from their disposal. Upon disposal, the difference between the net disposal proceeds and the carrying amount is recognised in the profit or loss.

### (h) Financial assets

Financial assets are recognised on the statements of financial position when, and only when, the Group and the Company become a party to the contractual provisions of the financial instrument.

Financial assets are initially recognised at fair value plus transaction costs except for financial assets at fair value through profit or loss, which are recognised at fair value. Transaction costs for financial assets at fair value through profit or loss are recognised immediately in profit or loss.

The Group and the Company classify their financial assets depends on the purpose for which the financial assets were acquired at initial recognition, into the following categories:

#### (i) Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets held for trading, contingent consideration in a business combination or financial assets that are designated into this category upon initial recognition. A financial asset is classified in this category if it is acquired principally for the purpose of selling it in the near term. Derivatives, including separated embedded derivatives, are also categorised as held for trading unless they are designated as effective hedging instruments. Assets in this category are classified as current assets if expected to be settled within 12 months, otherwise they are classified as non-current.

After initial recognition, financial assets in this category are measured at fair value with any gains or losses arising from changes in the fair values recognised in profit or loss in the period in which the changes arise.

Derivatives embedded in host contracts are accounted for as separate derivatives and recorded at fair value if their economic characteristics and risks are not closely related to those of the host contracts and the host contracts are not held for trading or designated at fair value through profit or loss. These embedded derivatives are measured at fair value with changes in fair value recognised in profit or loss. Reassessment only occurs if there is either a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required or a reclassification of a financial asset out of the fair value through profit or loss.

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

## 3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### (h) Financial assets (cont'd)

#### (ii) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for those maturing later than 12 months after the end of the reporting period which are classified as non-current assets.

After initial recognition, financial assets categorised as loans and receivables are measured at amortised cost using the effective interest method, less impairment losses. Gains and losses are recognised in profit or loss when the loans and receivables are derecognised or impaired, and through the amortisation process.

#### (iii) Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturity that the Group and the Company have the positive intention and ability to hold to maturity. They are classified as non-current assets, except for those having maturity within 12 months after the end of the reporting period which are classified as current.

After initial recognition, financial assets categorised as held-to-maturity investments are measured at amortised cost using the effective interest method, less impairment losses. Gains and losses are recognised in profit or loss when held-to-maturity investments are derecognised or impaired, and through the amortisation process.

#### (iv) Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless the investment matures or management intends to dispose of the assets within 12 months after the end of the reporting period.

After initial recognition, available-for-sale financial assets are measured at fair value. Any gains or losses from changes in fair value of the financial asset are recognised in other comprehensive income, except that impairment losses, foreign exchange gains and losses on monetary instruments and interest calculated using the effective interest method are recognised in profit or loss. The cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment when the financial asset is derecognised. Interest income calculated using the effective interest method is recognised in profit or loss. Dividends from an available-for-sale equity instrument are recognised in profit or loss when the Group's and the Company's right to receive payment is established.

Investment in equity instruments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured are measured at cost less impairment loss.

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

## 3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### (h) Financial assets (cont'd)

Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace concerned. All regular way purchases and sales of financial assets are recognised and derecognised on the trade date i.e. the date that the Group and the Company commit to purchase or sell the asset.

A financial asset is derecognised when the contractual rights to receive cash flows from the financial assets has expired or have been transferred and the Group and the Company has transferred substantially all risks and rewards of ownership. On derecognition of a financial asset, the difference between the carrying amount and the sum of consideration received and any cumulative gains or loss that had been recognised in equity is recognised in the profit or loss.

### (i) Financial liabilities

Financial liabilities are classified according to the substance of the contractual arrangements entered into and the definition of financial liabilities.

Financial liabilities are recognised on the statements of financial position when, and only when, the Group and the Company become a party to the contractual provisions of the financial instrument.

The Group and the Company classify their financial liabilities at initial recognition, into the following categories:

#### (i) Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading, contingent consideration in a business combination or financial liabilities designated into this category upon initial recognition.

Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivatives financial instruments that are not designated as effective hedging instruments. Separated embedded derivatives are also categorised as held for trading unless they are designated as effective hedging instruments.

Gains or losses on financial liabilities held for trading are recognised in profit or loss.

#### (ii) Other financial liabilities measured at amortised cost

The Group's and the Company's other financial liabilities comprise trade and other payables and loans and borrowings.

Trade and other payables are recognised initially at fair value plus directly attributable transaction costs and subsequently measured at amortised cost using the effective interest method.

Loans and borrowings are recognised initially at fair value, net of transaction costs incurred, and subsequently measured at amortised cost using the effective interest method. Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

Gains and losses on financial liabilities measured at amortised cost are recognised in profit or loss when the liabilities are derecognised, and through the amortisation process.

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

## 3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### (i) Financial liabilities (cont'd)

#### (iii) Financial guarantee contracts

A financial guarantee contract is a contract that requires the issuer to make specific payment to reimburse the holder for a loss it incurs because a specific debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument.

Financial guarantee contracts are recognised initially as a liability at fair value, adjusted for transaction costs that are directly attributable to the issuance of the guarantee. Subsequently, the liability is measured at the higher of the best estimate of the expenditure required to settle the present obligation at the reporting date and the amount recognised less cumulative amortisation.

A financial liability is derecognised when, and only when, the obligation specified in the contract is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in profit or loss.

### (j) Offsetting of financial instruments

Financial asset and a financial liability is offset and the net amount reported in the statements of financial position if, and only if, there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

### (k) Cash and cash equivalents

Cash and cash equivalents comprise cash in hand, bank balances, demand deposits, bank overdrafts and short term highly liquid investments that are readily convertible to known amount of cash and which are subject to an insignificant risk of changes in value. For the purpose of the statements of cash flows, cash and cash equivalents are presented net of bank overdrafts and pledged deposits, if any.

### (l) Construction costs

Construction contracts are contract specifically negotiated for the construction of an asset or a combination of assets that are closely interrelated or interdependent in terms of their design, technology and function or their ultimate purpose or use.

When the outcome of a construction contract can be estimated reliably, contract revenue and contract costs are recognised over the period of contract as revenue and expenses respectively by reference to the stage of completion of the contract activity at the end of the reporting period. The stage of completion method is determined by the proportion that contract costs incurred for work performed to date bear to the estimated total contract cost.

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

## 3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### (l) Construction costs (cont'd)

When the outcome of a construction contract cannot be estimated reliably, contract revenue is recognised only to the extent of contract costs incurred that is probable recoverable and contract costs are recognised as expenses in the period in which they are incurred.

Irrespective whether the outcome of a construction contract can be estimated reliably, when it is probable that contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately.

Contract revenue comprises the initial amount of revenue agreed in the contract and variations in contract work, claims and incentive payments to the extent that it is probable that they will result in revenue and they are capable of being reliably measured.

The aggregate of the costs incurred and the profit or loss recognised on each contract is compared against the progress billings up to the year end. Where costs incurred and recognised profits (less recognised losses) exceed progress billings, the balance is presented as amounts owing by customers on contracts. Where progress billings exceed costs incurred plus recognised profits (less recognised losses), the balance is presented as amounts owing to customers on contracts.

### (m) Impairment of assets

#### (i) Non-financial assets

The carrying amounts of non-financial assets (except for inventories, amount owing by customers on contracts, deferred tax assets, assets arising from employee benefits, investment property measured at fair value and non-current assets (or disposal groups) classified as held for sale) are reviewed at the end of each reporting period to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. For goodwill and intangible assets that have indefinite useful lives, or that are not yet available for use, the recoverable amount is estimated each period at the same time.

For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or cash-generating units. Subject to operating segment ceiling test, for the purpose of goodwill impairment testing, cash-generating units to which goodwill has been allocated are aggregated so that the level at which impairment testing is performed reflects the lowest level at which goodwill is monitored for internal reporting purposes. The goodwill acquired in a business combination, for the purpose of impairment testing, is allocated to a cash-generating unit or a group of cash-generating units that are expected to benefit from the synergies of the combination.

The recoverable amount of an asset or cash-generating units is the greater of its value in use and its fair value less costs of disposal. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or cash-generating unit.

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

## 3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### (m) Impairment of assets (cont'd)

#### (i) Non-financial assets (cont'd)

An impairment loss is recognised if the carrying amount of an asset or its related cash-generating unit exceeds its estimated recoverable amount. Impairment loss is recognised in profit or loss, unless the asset is carried at a revalued amount, in which such impairment loss is recognised directly against any revaluation surplus for the asset to the extent that the impairment loss does not exceed the amount in the revaluation surplus for that same asset. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the cash-generating unit (group of cash-generating units) and then to reduce the carrying amounts of the other assets in the cash-generating unit (group of cash-generating units) on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognised in prior periods are assessed at the end of each reporting period for any indications that the loss has decreased or no longer exists. An impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation or amortisation, had no impairment loss been recognised for asset in prior years. Such reversal is recognised in the profit or loss unless the asset is carried at a revalued amount, in which case the reversal is treated as a revaluation increase.

#### (ii) Financial assets

All financial assets, other than those categorised as fair value through profit or loss, investment in subsidiary companies and investment in associated companies, are assessed at each reporting date whether there is any objective evidence of impairment as a result of one or more events having an impact on the estimated future cash flows of the asset.

#### Financial assets carried at amortised cost

To determine whether there is objective evidence that an impairment loss on financial assets has been incurred, the Group considers factors such as the probability of insolvency or significant financial difficulties of the receivable and default or significant delay in payments. For certain categories of financial assets, such as trade receivables, assets that are assessed not to be impaired individually are subsequently assessed for impairment on a collective basis based on similar risk characteristics. Objective evidence of impairment for a portfolio of receivables could include the Group's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period and observable changes in national or local economic conditions that correlate with defaults on receivables.

If any such evidence exists, the amount of impairment loss is measured as the difference between the assets carrying amount and the present value of estimated future cash flows (excluding future expected credit losses that have not yet been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account and the amount of impairment loss is recognised in the profit or loss. Receivables together with the associated allowance are written off when there is no realistic prospect of future recovery.





# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

## 3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### (m) Impairment of assets (cont'd)

#### (ii) Financial assets (cont'd)

##### Financial assets carried at amortised cost (cont'd)

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised in profit or loss, the impairment loss is reversed, to the extent that the carrying amount of the asset does not exceed what the carrying amount would have been had the impairment not been recognised at the date the impairment is reversed. The amount of reversal is recognised in profit or loss.

##### Available-for-sale financial assets

Significant financial difficulties of the issuer or obligor, and the disappearance of an active trading market are considerations to determine whether there is objective evidence that investment securities classified as available-for-sale financial assets are impaired. A significant or prolonged decline in the fair value of investments in equity instruments below its cost is also an objective evidence of impairment.

If an available-for-sale financial asset is impaired, the amount of impairment loss is recognised in profit or loss and is measured as the difference between its cost (net of any principal payment and amortisation) and its current fair value, less any impairment loss previously recognised. When a decline in the fair value of an available-for-sale financial asset has been recognised in other comprehensive income, the cumulative loss in other comprehensive income is reclassified from equity to profit or loss.

Impairment losses on available-for-sale equity investments are not reversed in profit or loss in the subsequent periods. Increase in fair value of equity instrument, if any, subsequent to impairment loss is recognised in other comprehensive income. For available-for-sale debt investments, impairment losses are subsequently reversed in profit or loss if an increase in the fair value of the investment can be objectively related to an event occurring after the recognition of the impairment loss in profit or loss.

### (n) Inventories

Raw material, finished goods and completed properties are stated at the lower of cost and net realisable value.

Cost of raw material is determined on a first-in-first out basis. Cost of finished goods consists of direct material and direct labour.

The cost of completed properties includes costs of land and related development cost or its purchase costs and incidental cost of acquisition.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale.

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

## 3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### (o) Share capital

#### (i) Ordinary shares

An equity instrument is any contract that evidences a residual interest in the assets of the Group and of the Company after deducting all of its liabilities. Ordinary shares are equity instruments. Ordinary shares are recorded at the nominal value of shares issued. Ordinary shares are classified as equity.

Dividend distribution to the Company's shareholders is recognised as a liability in the period they are approved by the Board of Directors except for the final dividend which is subject to approval by the Company's shareholders.

#### (ii) Preference shares

Preference share capital is classified as equity if it is non-redeemable, or is redeemable but only at the Company's option, and any dividends are discretionary. Dividends thereon are recognised as distributions within equity. Preference share capital is classified as financial liability if it is redeemable on a specific date or at the option of the equity holders, or if dividend payments are not discretionary. Dividends thereon are recognised as interest expense in profit or loss as accrued.

#### (iii) Treasury shares

When issued share of the Company are repurchased, the amount of the consideration paid, including directly attributable costs, net of any tax effects, is recognised as a deduction from equity. Repurchased shares are classified as treasury shares in the statements of changes in equity. No gain or loss is recognised in profit or loss on the sale, re-issuance or cancellation of the treasury shares.

When treasury shares are distributed as share dividends, the cost of the treasury shares is applied as a reduction of the share premium account or the distributable retained profits, or both.

When treasury shares are sold or reissued subsequently, the difference between the sales consideration net of directly attributable costs and the carrying amount of the treasury shares is recognised in equity.

### (p) Contingencies

Where it is not probable that an inflow or outflow of economic benefits will be required, or the amount cannot be estimated reliably, the asset or the obligation is disclosed as a contingent asset or contingent liability, unless the probability of inflow or outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events, are also disclosed as contingent assets or contingent liabilities unless the probability of inflow or outflow of economic benefits is remote.

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

## 3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### (q) Leases

The determination of whether an arrangement is, or contains, a lease is based on the substance of the arrangement at the inception date of the lease. The arrangement is, or contains a lease if fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset or assets, even if that right is not explicitly specified in an arrangement.

#### As lessee

##### (i) Finance lease

Leases in terms of which the Group or the Company assumes substantially all the risks and rewards of ownership are classified as finance lease. Upon initial recognition, the leased asset is measured at an amount equal to the lower of its fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset.

Minimum lease payments made under finance leases are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognised in finance costs in the profit or loss. Contingent lease payments are accounted for by revising the minimum lease payments over the remaining term of the lease when the lease adjustment is confirmed.

Leasehold land which in substance is a finance lease is classified as a property, plant and equipment or as investment property if held to earn rental income as capital appreciation or both.

##### (ii) Operating lease

Leases, where the Group or the Company does not assume substantially all the risks and rewards of ownership are classified as operating leases and, except for property interest held under operating lease, the leased assets are not recognised in the statements of financial position. Property interest held under an operating lease, which is held to earn rental income or for capital appreciation or both, is classified as investment property and measured using cost model.

Payments made under operating leases are recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives received are recognised in profit or loss as an integral part of the total lease expense, over the term of the lease. Contingent rentals are charged to profit or loss in the reporting period in which they are incurred.

Leasehold land which in substance is an operating lease is classified as prepaid land lease payments.

#### As lessor

Leases in which the Group does not transfer substantially all the risks and rewards of ownership of an asset are classified as operating leases. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

## 3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### (r) Revenue recognition

Revenue is recognised when it is probable that the economic benefits associated with the transaction will flow to the enterprise and the amount of the revenue can be measured reliably.

#### (i) Property development

Revenue derived from property development activities is recognised based on the percentage of completion method. The stage of completion is determined based on the total actual costs incurred to date over the estimated total property development costs.

#### (ii) Construction contracts

Revenue from work done on construction contracts is recognised based on the percentage of completion method. The stage of completion is determined based on the total actual costs incurred to date over the estimated total contract costs. Allowance for foreseeable losses is made in the financial statements when such losses can be determined.

#### (iii) Sale of goods and services rendered

Revenue from sale of goods is measured at the fair value of consideration received or receivable, net of returns and allowances, trade discount and volume rebates. Revenue from sale of goods is recognised when the transfer of significant risk and rewards of ownership of the goods to the customer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, and there is no continuing management involvement with the goods.

Revenue from services rendered is recognised in the profit or loss based on the value of services performed and invoiced to customers during the period.

#### (iv) Sale of completed properties

Revenue from the sale of completed development properties is measured at the fair value of the consideration receivable and is recognised in profit or loss when the significant risks and rewards of ownership have been transferred to the buyer.

#### (v) Dividend income

Dividend income is recognised when the shareholder's right to receive payment is established.

#### (vi) Rental income

Rental income is accounted for on a straight-line basis over the lease terms. The aggregate costs of incentives provided to lessees are recognised as a reduction of rental income over the lease term on a straight-line basis.



# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

## 3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### (r) Revenue recognition (cont'd)

#### (vii) Interest income

Interest income is recognised on accruals basis using the effective interest method.

#### (viii) Management fees

Management fees are recognised on accrual basis when services are rendered.

#### (ix) Motor racing event income

Motor racing event income is recognised when the event is completed and services are rendered.

#### (x) Motor racing sponsorship income

Motor racing sponsorship income is recognised at the fair value of the sponsorship received or receivable.

### (s) Government grants

Government grants are not recognised until there is reasonable assurance that the Group will comply with the conditions attaching to them and that the grants will be received.

When the grant relates to an expense item, it is recognised in profit or loss on a systematic basis over the periods in which the Group recognises as expenses the related costs for which the grants are intended to compensate. Where the grant relates to an asset, it is recognised as deferred income and transferred to profit or loss on a systematic basis over the useful lives of the related asset.

Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs to be recognised in profit or loss in the period in which they become receivable.

Where the Group receives non-monetary government grants, the asset and the grant are recorded at nominal amount and transferred to profit or loss on a systematic basis over the life of the depreciable asset by way of a reduced depreciation charge.

### (t) Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-makers are responsible for allocating resources and assessing performance of the operating segments and make overall strategic decisions. The Group's operating segments are organised and managed separately according to the nature of the products and services provided, with each segment representing a strategic business unit that offers different products and serves different markets.

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

## 3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### (u) Non-current assets (or disposal groups) held for sale

Non-current assets are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. Such non-current assets (or disposal groups) classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell.

The criteria for held for sale classification is regarded as met only when the sale is highly probable and the asset (or disposal group) is available for immediate sale in its present condition subject only to terms that are usual and customary for sales of such asset (or disposal group). Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

Property, plant and equipment and investment properties are not depreciated or amortised once classified as held for sale.

### (v) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset are capitalised as part of the cost of the assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets. All other borrowing costs are recognised in profit or loss in the period in which they are incurred. Borrowing costs consist of interest and other costs that the Group and the Company incurred in connection with the borrowing of funds.

The capitalisation of borrowing costs as part of the cost of a qualifying asset commences when expenditure for the asset is being incurred, borrowing costs are being incurred and activities that are necessary to prepare the asset for its intended use or sale are in progress. Capitalisation of borrowing costs is suspended or ceases when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are interrupted or completed.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

### (w) Provisions

Provisions are recognised when there is a present legal or constructive obligation as a result of a past event, when it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and the amount of the obligation can be estimated reliably.

Provisions are reviewed at each end of the reporting period and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision is reversed. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

Any reimbursement that the Group can be virtually certain to collect from a third party with respect to the obligation is recognised as a separate asset. However, this asset may not exceed the amount of the related provision. The relating expense relating to any provision is presented in the statements of profit or loss and other comprehensive income net of any reimbursement.



## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

### 3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

#### (x) Income taxes

Tax expense in profit or loss comprises current and deferred tax. Current tax and deferred tax is recognised in profit or loss except to the extent that it relates to a business combination or items recognised directly in equity or other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted by the end of the reporting period, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognised using the liability method for all temporary differences between the carrying amounts of assets and liabilities in the statements of financial position and their tax bases. Deferred tax is not recognised for the temporary differences arising from the initial recognition of goodwill, the initial recognition of assets and liabilities in a transaction which is not a business combination and that affects neither accounting nor taxable profit or loss. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax is based on the expected manner of realisation or settlement of the carrying amount of the assets and liabilities, at the end of the reporting period, except for investment properties carried at fair value model. Where investment properties measured using fair value model, the amount of deferred tax recognised is measured using the tax rates that would apply on sale of those assets at their carrying amounts at the reporting date unless the property is depreciable and is held with the objective to consume substantially all of the economic benefits embodied in the property over time, rather than through sale. Deferred tax assets and liabilities are not discounted.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised. Deferred tax assets are reviewed at the end of each reporting period and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Unutilised reinvestment allowance and investment tax allowance, being tax incentives that is not a tax base of an asset, is recognised as a deferred tax asset to the extent that it is probable that the future taxable profits will be available against the unutilised tax incentive can be utilised.

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

### 3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

#### (y) Employee benefits

##### (i) Short term employee benefits

Wages, salaries, bonuses and social security contributions are recognised as an expense in the year in which the associated services are rendered by employees of the Group. Short term accumulating compensated absences such as paid annual leave are recognised when services are rendered by employees that increase their entitlement to future compensated absences. Short term non-accumulating compensated absences such as sick and medical leave are recognised when the absences occur. The expected cost of accumulating compensated absences is measured as additional amount expected to be paid as a result of the unused entitlement that has accumulated at the end of the reporting period.

##### (ii) Defined contribution plans

As required by law, companies in Malaysia contribute to the state pension scheme, the Employee Provident Fund ("EPF"). Some of the Group's foreign subsidiary companies also make contributions to their respective countries' statutory pension schemes. Such contributions are recognised as an expense in the profit or loss as incurred. Once the contributions have been paid, the Group has no further payment obligations.

##### (iii) Share-based compensation

LBS Bina Group Berhad Employees' Share Option Scheme ("ESOS"), an equity-settled, share-based compensation plan, allows the Company and its subsidiary companies' employees to acquire ordinary shares of the Company. The total fair value of share options granted to employees is recognised as an employee cost with a corresponding increase in the share option reserve within equity over the vesting period and taking into account the probability that the options will vest. The fair value of share options is measured at grant date, taking into account, if any, the market vesting conditions upon which the options were granted but excluding the impact of any non-market vesting conditions. Non-market vesting conditions are included in assumptions about the number of options that are expected to become exercisable on vesting date. At the end of each reporting date, the Group revises its estimates of the number of options that are expected to become exercisable on vesting date. It recognised the impact of the revision of original estimates, if any, in the profit or loss, and a corresponding adjustment to equity over the remaining vesting period. The equity amount is recognised in the share option reserve until the option is exercised, upon which it will be transferred to share premium, or until the option expires, upon which it will be transferred directly to retained earnings. The proceeds received net of any directly attributable transaction costs are credited to equity when the options are exercised.



# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

## 4. PROPERTY, PLANT AND EQUIPMENT

Group	Leasehold land and buildings RM	Motor vehicles RM	Office equipment, furniture and fittings RM	Renovations RM	Plant, machinery and equipment RM	Motor racing circuit RM	Total RM
<b>Cost</b>							
At 1 January 2016	339,899,411	10,051,879	17,208,106	5,444,342	8,555,767	90,791,424	471,950,929
Additions	1,770,000	819,720	2,558,245	2,891,988	2,409,279	-	10,449,232
Transfer from capital work-in-progress	42,204	-	3,126,103	1,881,059	-	-	5,049,366
Transfer from inventories	218,954	-	-	-	-	-	218,954
Transfer from investment properties	2,065,670	-	-	2,222,494	-	-	4,288,164
Disposals	-	(154,563)	(169,539)	(247,686)	(705,693)	-	(1,277,481)
Write off	-	-	(1,383,904)	(3,357,851)	(1,184)	-	(4,742,939)
Acquisition of subsidiary company	23,485,074	271,841	1,440,905	1,393,010	9,509,690	-	36,100,520
Exchange differences	(7,152,089)	-	(177,035)	-	-	(1,997,507)	(9,326,631)
At 31 December 2016	360,329,224	10,988,877	22,602,881	10,227,356	19,767,859	88,793,917	512,710,114
<b>Accumulated depreciation</b>							
At 1 January 2016	121,896,476	3,419,153	11,350,564	4,226,549	2,887,464	87,223,059	231,003,265
Charge for the financial year	10,350,422	993,190	1,823,702	760,338	1,898,443	545,077	16,371,172
Transfer from investment properties	423,280	-	-	96,800	-	-	520,080
Disposals	-	(28,073)	(147,174)	(128,463)	(260,157)	-	(563,867)
Write off	-	-	(1,143,791)	(3,217,593)	(59)	-	(4,361,443)
Acquisition of subsidiary company	5,349,455	18,123	1,374,258	909,964	5,338,723	-	12,990,523
Exchange differences	(2,288,176)	-	(133,210)	-	-	(1,898,738)	(4,320,124)
At 31 December 2016	135,731,457	4,402,393	13,124,349	2,647,595	9,864,414	85,869,398	251,639,606
<b>Accumulated impairment losses</b>							
At 1 January 2016/ 31 December 2016	-	6,053	-	-	-	-	6,053
<b>Carrying amount</b>							
At 31 December 2016	224,597,767	6,580,431	9,478,532	7,579,761	9,903,445	2,924,519	261,064,455

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

## 4. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

Group	Leasehold land and buildings RM	Motor vehicles RM	Office equipment, furniture and fittings RM	Renovations RM	Plant, machinery and equipment RM	Motor racing circuit RM	Total RM
<b>Cost</b>							
At 1 January 2015	290,296,169	9,238,817	14,810,682	4,778,320	3,972,949	78,459,135	401,556,072
Additions	3,196,500	2,669,292	1,818,928	666,022	4,807,753	-	13,158,495
Transfer from inventories	1,871,620	-	-	-	-	-	1,871,620
Transfer from capital work-in-progress	400,000	-	-	-	-	-	400,000
Disposals	-	(1,856,230)	(243,747)	-	-	-	(2,099,977)
Write off	(23,142)	-	(234,239)	-	(224,935)	-	(482,316)
Exchange differences	44,158,264	-	1,056,482	-	-	12,332,289	57,547,035
At 31 December 2015	339,899,411	10,051,879	17,208,106	5,444,342	8,555,767	90,791,424	471,950,929
<b>Accumulated depreciation</b>							
At 1 January 2015	96,474,389	3,263,163	9,507,978	3,938,227	2,185,831	71,735,700	187,105,288
Charge for the financial year	9,953,151	967,937	1,459,265	288,322	885,593	3,992,443	17,546,711
Disposals	-	(811,947)	(227,717)	-	-	-	(1,039,664)
Write off	(23,142)	-	(196,268)	-	(183,960)	-	(403,370)
Exchange differences	15,492,078	-	807,306	-	-	11,494,916	27,794,300
At 31 December 2015	121,896,476	3,419,153	11,350,564	4,226,549	2,887,464	87,223,059	231,003,265
<b>Accumulated impairment losses</b>							
At 1 January 2015/ 31 December 2015	-	6,053	-	-	-	-	6,053
<b>Carrying amount</b>							
At 31 December 2015	218,002,935	6,626,673	5,857,542	1,217,793	5,668,303	3,568,365	240,941,611

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

## 4. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

- (a) Included in the property, plant and equipment of the Group are leasehold land and buildings with carrying amount of RM30,569,078 (2015: RM10,973,167) which have been pledged to licensed banks as securities for banking facilities granted to the Group as disclosed in Notes 28 and 30.
- (b) Included in the property, plant and equipment of the Group are:
- (i) Motor vehicles under finance lease arrangement with carrying amount of RM6,195,325 (2015: RM6,528,497).
  - (ii) Plant, machinery and equipment under finance lease arrangement with carrying amount of RM2,588,982 (2015: RM2,413,979).

The above assets are pledged as securities for the related financing facilities as disclosed in Note 27.

- (c) The remaining lease period of the leasehold land and buildings ranges from 27 to 97 (2015: 28 to 98) years.
- (d) Leasehold land with carrying amount of RM184,804,756 (2015: RM195,960,718) situated in mainland China is held under medium term lease.

Management has performed an impairment assessment on the carrying amount of the leasehold land by reference to a report prepared by an independent professional valuer on the business operations of a motor racing circuit run by a subsidiary company on such leasehold land, and considers that there is no impairment in value of the leasehold land. The valuation is based on cash flow projections which involve assumptions on and estimations of future cash flows, growth rates, discount factors etc. The assessment of impairment therefore requires considerable judgement by the management.

- (e) The aggregate additional cost for the property, plant and equipment of the Group during the financial year acquired under finance lease arrangement, term loan financing and cash payment are as follows:

	<b>2016</b> <b>RM</b>	<b>Group</b> <b>2015</b> <b>RM</b>
Aggregate costs	10,449,232	13,158,495
Less payment by :		
Finance lease	(1,264,109)	(4,215,600)
Term loan financing	(1,105,002)	(2,102,413)
Cash payments	8,080,121	6,840,482

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

## 5. CAPITAL WORK-IN-PROGRESS

	2016 RM	Group 2015 RM
At 1 January	6,229,079	208,447
Additions	25,370,095	6,209,768
Transfer to property, plant and equipment (Note 4)	(5,049,366)	(400,000)
Transfer to investment properties (Note 7)	(21,390,988)	-
Exchange differences	209,453	210,864
At 31 December	5,368,273	6,229,079

## 6. LAND AND PROPERTY DEVELOPMENT COSTS

	2016 RM	Group 2015 RM
<b>Non-Current</b>		
<b>Freehold land, at cost</b>		
At 1 January	100,914,374	73,068,787
Additions	191,539	8,455,658
Transfer from current portion	1,100,000	17,211,929
Transfer from property development costs	-	2,178,000
At 31 December	102,205,913	100,914,374
<b>Long term leasehold land, at cost</b>		
At 1 January	132,204,001	60,353,585
Additions	460,713	111,102,243
Transfer to current portion	(1,995,784)	(39,247,984)
Transfer from/(to) property development costs	55,089,092	(3,843)
At 31 December	185,758,022	132,204,001
<b>Property development costs</b>		
At 1 January	281,908,064	214,126,629
Additions	150,804,116	107,607,627
Transfer from/(to) current portion	65,148,619	(37,652,035)
Transfer to freehold and leasehold land	(55,089,092)	(2,174,157)
Property development cost written off	(210,009)	-
At 31 December	442,561,698	281,908,064
Total non-current land and property development costs	730,525,633	515,026,439

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

## 6. LAND AND PROPERTY DEVELOPMENT COSTS (CONT'D)

	2016 RM	Group 2015 RM
<b>Current</b>		
<b>Freehold land, at cost</b>		
At 1 January	15,235,771	5,412,455
Additions	-	23,789,796
Transfer to non-current portion	(1,100,000)	(17,211,929)
Transfer from property development costs	-	5,708,324
Transfer to profit or loss	(6,179,638)	(2,462,875)
At 31 December	7,956,133	15,235,771
<b>Long term leasehold land, at cost</b>		
At 1 January	88,362,199	80,827,790
Additions	30,099,761	14,228,255
Transfer from non-current portion	1,995,784	39,247,984
Transfer from property development costs	-	500,000
Transfer to profit or loss	(5,153,511)	(44,993,123)
Transfer to inventories	(5,794,311)	(1,448,707)
At 31 December	109,509,922	88,362,199
<b>Property development costs</b>		
At 1 January	643,865,577	834,129,658
Additions	661,058,200	417,207,770
Transfer (to)/from non-current portion	(65,148,619)	37,652,035
Transfer to freehold and leasehold land	-	(6,208,324)
Transfer to profit or loss	(204,679,342)	(572,424,348)
Transfer to inventories	(122,194,852)	(66,491,214)
At 31 December	912,900,964	643,865,577
Less: Costs recognised in profit or loss		
At 1 January	309,728,933	536,640,189
Recognised during the financial year	577,519,701	392,969,090
	887,248,634	929,609,279
Less: Portion related to completed projects	(216,012,491)	(619,880,346)
At 31 December	671,236,143	309,728,933
Total current land and property development costs	359,130,876	437,734,614

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

## 6. LAND AND PROPERTY DEVELOPMENT COSTS (CONT'D)

- (a) Certain development lands are pledged to licensed banks as securities for banking facilities granted to the Group as disclosed in Notes 28 and 30.
- (b) Certain subsidiary companies entered into agreements with third parties (the landowners) to develop the lands, solely at the cost of the subsidiary companies and based on the agreements, the landowners are entitled to the followings:
- (i) certain percentage of the respective development profits;
  - (ii) certain percentage of the respective development gross sales value;
  - (iii) agreed contract sum as specified in the agreement; and/or
  - (iv) certain units of completed properties.
- (c) Certain subsidiary companies (developers) entered into joint venture agreements with its subsidiary companies (the landowners) to develop the lands, solely at the cost of the developers and based on the agreements, the landowners are entitled to the followings:
- (i) certain units of completed properties; and/or
  - (ii) certain percentage of the respective development profits.
- (d) Included in the property development costs for the financial year are as follows:

		2016 RM	Group 2015 RM
	Note		
Finance costs	33	20,430,901	9,873,256
Landowners consideration		220,741,927	67,000,000

## 7. INVESTMENT PROPERTIES

	2016 RM	Group 2015 RM
<b>Cost</b>		
At 1 January	36,809,398	35,482,317
Additions	14,391,856	317,045
Transfer from capital work-in-progress (Note 5)	21,390,988	-
Transfer from inventories (Note 13)	-	1,010,036
Transfer to property, plant and equipment (Note 4)	(4,288,164)	-
Disposals	(3,694,500)	-
Write off	(365,750)	-
At 31 December	64,243,828	36,809,398

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

## 7. INVESTMENT PROPERTIES (CONT'D)

	2016 RM	Group 2015 RM
<b>Accumulated depreciation</b>		
At 1 January	2,366,573	1,609,019
Charge for the financial year	796,128	757,554
Transfer to property, plant and equipment (Note 4)	(520,080)	-
Disposals	(177,982)	-
At 31 December	2,464,639	2,366,573
<b>Accumulated impairment losses</b>		
At 1 January	675,735	675,735
Write off	(365,750)	-
At 31 December	309,985	675,735
<b>Carrying amount</b>	61,469,204	33,767,090
Included in the above are:		
<b>Cost</b>		
Leasehold land and buildings	50,220,867	22,118,839
Freehold land and buildings	568,043	517,800
Commercial properties	13,454,918	14,172,759
	64,243,828	36,809,398
<b>Fair value</b>	77,912,327	41,490,045

Investment properties with carrying amount of RM39,940,405 (2015: RM32,963,944) have been pledged to licensed banks as securities for banking facilities granted to the Group as disclosed in Notes 28 and 30.

During the financial year, investment properties with carrying amount of RM3,768,084 have been transferred to property, plant and equipment, since the properties' usage has been changed from investment properties to owner-occupied properties.

Certain investment properties are leasehold properties with remaining lease periods range from 75 to 94 (2015: 76 to 95) years.

During the financial year, certain investment properties have generated rental income and incurred direct operating expenses amounting to RM865,472 and RM238,181 (2015: RM852,229 and RM216,877) respectively.

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

## 7. INVESTMENT PROPERTIES (CONT'D)

Investment properties comprise a number of freehold land and buildings, leasehold land and buildings and commercial properties that are leased to third parties. Each of the leases contains cancellable periods range from one to three years. Subsequent renewals are negotiated with the lessee on renewal periods range from one to two years.

Fair value of investment properties are arrived at by reference to market evidence of transaction prices for similar properties and are performed by registered valuers having appropriate recognised professional qualification and recent experiences in the locations and category of properties being valued. The fair values are within Level 2 of the fair value hierarchy.

## 8. INVESTMENT IN SUBSIDIARY COMPANIES

(a) Investment in subsidiary companies

	2016 RM	Company 2015 RM
Quoted shares, at cost		
In Malaysia	225,139,736	-
Unquoted shares, at cost		
In Malaysia	393,554,395	393,554,395
Outside Malaysia	4,075	4,075
Less: Accumulated impairment losses	(3,766,823)	(192,464)
	614,931,383	393,366,006

The Group's subsidiary companies which have non-controlling interests are not material individually or in aggregate to the financial position, financial performance and cash flows of the Group except as disclosed in Note 8(e).

Details of the subsidiary companies are set out in Note 50.

The movement in the allowance for impairment losses are as follows:

	2016 RM	Company 2015 RM
At 1 January	192,464	192,464
Transfer from investment in an associated company	3,578,431	-
Reversal of impairment losses	(4,072)	-
At 31 December	3,766,823	192,464



## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

### 8. INVESTMENT IN SUBSIDIARY COMPANIES (CONT'D)

(b) Acquisition of subsidiary companies during the financial year

- (i) On 24 June 2016, LBS Bina Holdings Sdn. Bhd. ("LBS"), a wholly-owned subsidiary company of the Company, acquired 230,000 ordinary shares of RM1.00 each in Seloka Sinaran Sdn. Bhd. ("SSSB") for a total cash consideration of RM36,100,000 only. Consequently, SSSB became a 46% associated company of LBS.

On 3 August 2016, LBS further acquired 25,000 ordinary shares of RM1.00 each in SSSB for a total cash consideration of RM3,900,000 only. Consequently, SSSB became a 51% owned subsidiary company of LBS.

- (ii) On 2 February 2016, the Company acquired 7,000,000 ordinary shares of RM0.50 each in ML Global Berhad ("MGB") for a total cash consideration of RM3,500,200 only. Consequently, MGB became a 31.95% associated company of the Company.

On 5 July 2016, the Company further acquired 17,232,696 ordinary shares of RM0.50 each in MGB for a total cash consideration of RM9,647,472 only. Consequently, MGB became a 51.18% owned subsidiary company of the Company.

On 14 September 2016, MGB acquired MITC Engineering Sdn. Bhd. ("MITCE"), an indirect subsidiary company of the Company, for a purchase consideration of RM300,000,000 only from MITC Sdn. Bhd. ("MITC"), an indirect subsidiary company of the Company and Datuk Lim Lit Check. Consequently, MITCE became a wholly-owned subsidiary company of MGB.

The purchase consideration shall be satisfied by MGB in the following manner:

- (1) MGB granting the right of allotment at the issue price of RM0.67 for each consideration ordinary share to MITC and Datuk Lim Lit Check at 200,820,896 and 66,940,298 units of ordinary shares respectively.
- (2) MGB effecting the allotment and issuance of the consideration Irredeemable Convertible Preference Shares ("ICPS") at the issue price of RM0.67 each to MITC and Datuk Lim Lit Check at 135,000,000 and 45,000,000 units of ICPS respectively.

On 28 November 2016, MITC placed out 45,000,000 consideration ordinary shares at RM0.75 for each consideration ordinary share for RM33,750,000 in order to meet public spread. Consequently, the acquisition completed on the even date and MGB became a 56.43% owned subsidiary company of the Company.

- (iii) On 3 August 2016, LBS subscribed 51 ordinary shares of RM1.00 each in Kemudi Ehsan Sdn. Bhd. ("KESB") for a total cash consideration of RM51 only. Consequently, KESB became a 51% owned subsidiary company of LBS.
- (iv) On 19 December 2016, LBS acquired 51 ordinary shares of RM1.00 each in Induk Pelita Sdn. Bhd. ("IPSB") for a total cash consideration of RM51 only. Consequently, IPSB became a 51% owned subsidiary company of LBS.

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

## 8. INVESTMENT IN SUBSIDIARY COMPANIES (CONT'D)

- (b) Acquisition of subsidiary companies during the financial year (cont'd)

The effect of the acquisition on the financial results of the Group in respect of the financial year is as follows:

	2016 RM	Group 2015 RM
Revenue	70,379,031	5,173,466
Cost of sales	(63,461,751)	(4,938,133)
Gross profit	6,917,280	235,333
Other income	6,205,115	-
Administrative and operating expenses	(9,061,237)	(13,615)
Finance costs	(569,442)	-
Share of profit in an associated company	15,620	-
Profit before taxation	3,507,336	221,718
Taxation	(1,830,751)	(46,000)
Total comprehensive income for the financial year	1,676,585	175,718
Net profit for the financial year attributable to:		
Owners of the Parent	1,676,059	130,662
Non-controlling interests	526	45,056
	1,676,585	175,718

### Impact of the acquisition on the Statements of Profit or Loss and Other Comprehensive Income

From the date of acquisition, acquired subsidiary companies have contributed RM70,379,031 (2015: RM5,173,466) and RM1,676,585 (2015: RM175,718) to the Group's revenue and profit for the financial year respectively. If the business combination had taken place at the beginning of the financial year, the Group's revenue for the financial year would have been RM92,532,519 (2015: RM5,173,466) and Group's profit for the financial year would have been decreased by RM131,590 (2015: increased by RM175,525).

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

## 8. INVESTMENT IN SUBSIDIARY COMPANIES (CONT'D)

### (b) Acquisition of subsidiary companies during the financial year (cont'd)

The following summarises the major classes of consideration transferred, and the recognised amount of assets acquired and liabilities assumed at the acquisition date:

	2016 RM	Group 2015 RM
Property, plant and equipment	23,109,997	-
Inventories	858,448	-
Trade and other receivables	24,369,586	-
Deferred tax assets	58,003	-
Non-current assets classified as held for sale	12,086,177	-
Cash and bank balances	1,242,316	1,006
Bank overdrafts	(1,998,258)	-
Trade and other payables	(12,549,459)	(2,315)
Finance lease payables	(232,755)	-
Bank borrowings	(13,949,710)	-
Total identifiable assets and liabilities	32,994,345	(1,309)

Net cash inflows arising from the acquisition was as follows:

	2016 RM	Group 2015 RM
Purchase consideration satisfied by cash	53,147,771	555
Less:		
Cash and bank balances	(1,242,316)	(1,006)
Bank overdrafts	1,998,258	-
Net cash outflows/(inflows) from the acquisition of subsidiary companies	53,903,713	(451)

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

## 8. INVESTMENT IN SUBSIDIARY COMPANIES (CONT'D)

- (b) Acquisition of subsidiary companies during the financial year (cont'd)

Goodwill was recognised as a result of the acquisition as follows:

	2016 RM	Group 2015 RM
Fair value of consideration transferred	65,690,399	555
Non-controlling interests, based on their proportionate interest in the recognised amounts of the assets and liabilities of the acquiree	16,106,921	(590)
Fair value of identifiable assets acquired and liabilities assumed	(32,994,345)	1,309
Goodwill on consolidation	48,802,975	1,274

The goodwill recognised on the acquisition is attributable mainly to the skills and technical talent of the acquired business's work force and the synergies expected to be achieved from integrating the subsidiary companies into the Group's property development and construction business.

Certain fair values of assets acquired and liabilities assumed and purchase consideration have been determined on a provisional basis pending completion of purchase price allocation exercise. The purchase price allocation exercise is expected to be completed not exceeding one year from the acquisition date. The goodwill on acquisition is provisionally estimated to be RM40,023,304, it will be adjusted accordingly on a retrospective basis if any identified intangible assets is allocated when the purchase price allocation is finalised.

- (c) Additional investment in subsidiary companies during the financial year
- (i) On 29 March 2016, LBS Capital Sdn. Bhd. ("LCSB"), a wholly-owned subsidiary company of LBS, increased its paid up share capital from 25,000 to 2,000,000 ordinary shares of RM1.00 each. LBS subscribed additional 1,975,000 ordinary shares of RM1.00 each in LCSB by way of cash.
  - (ii) On 17 May 2016, Prisma Craft Sdn. Bhd. ("PCSB"), a wholly-owned subsidiary company of MITCE, increased its paid up share capital from 2 to 750,000 ordinary shares of RM1.00 each. MITCE subscribed additional 749,998 ordinary shares of RM1.00 each in PCSB by way of cash.
  - (iii) On 19 August 2016, Kemudi Ehsan Sdn. Bhd. ("KESB"), a 51% owned subsidiary company of LBS, increased its paid up share capital from 100 to 500,000 ordinary shares of RM1.00 each. LBS subscribed for additional 254,949 ordinary shares of RM1.00 each in KESB by way of cash. KESB remained as a 51% owned subsidiary company of LBS.

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

### 8. INVESTMENT IN SUBSIDIARY COMPANIES (CONT'D)

(d) Acquisition of non-controlling interests during the financial year

- (i) On 27 January 2016, LBS entered into a Share Sale Agreement ("SSA") to acquire 150,000 ordinary shares of RM1.00 each representing 15% of the equity interest in Puncak Gama Sdn. Bhd. ("PGSB") for a total cash consideration of RM11,000,000 only. The SSA completed in March 2016. Consequently, LBS's shareholding in PGSB increased from 51% to 66%.

On 3 May 2016, LBS entered into another SSA to acquire 140,000 ordinary shares of RM1.00 each in PGSB for a total cash consideration of RM10,300,000 only. Consequently, PGSB became a 80% owned subsidiary company of LBS.

- (ii) On 13 May 2016, Pelangi Homes Sdn. Bhd. ("PHSB"), a wholly-owned subsidiary company of LBS, acquired 100 ordinary shares of RM1.00 each in Restu Bidara Sdn. Bhd. ("RBSB") from MITCE for a total cash consideration of RM100 only. Consequently, RBSB became a wholly-owned subsidiary company of PHSB.
- (iii) On 1 August 2016, LBS acquired 600 ordinary shares of RM1.00 each in Nuevo Attraction & Destination Sdn. Bhd. ("NADSB") from MITCE for a total cash consideration of RM600 only. Consequently, NADSB became a 60% owned subsidiary company of LBS.
- (iv) On 1 November 2016, LBS acquired 1,000 ordinary shares of RM1.00 each in Nuevoprima Development Sdn. Bhd. ("NDSB") from NDSB for a total cash consideration of RM1,000 only. Consequently, NDSB became a wholly-owned subsidiary company of LBS.
- (v) On 19 October 2014, LBS entered into a SSA to acquire additional 27,500 ordinary shares of RM1.00 each in Casa Inspirasi Sdn. Bhd. ("CISB") for a total cash consideration of RM10,000,000 only. Upon conditions precedent met on 5 December 2016, CISB became a 68% owned subsidiary company of LBS.

The effect of changes in the equity interest that is attributable to the owners of the Parent is as follows:

	2016 RM	Group 2015 RM
Carrying amount of non-controlling interests acquired	(136,055,329)	473,240
Consideration paid to non-controlling interests	(31,300,000)	(39,300,031)
Arising from group reorganisation	40,329,843	-
Decrease in Parent's equity	(127,025,486)	(38,826,791)

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

## 8. INVESTMENT IN SUBSIDIARY COMPANIES (CONT'D)

### (e) Material partly owned subsidiary companies

The summarised financial information of the Group's subsidiary companies that have material non-controlling interests (amounts before inter-company elimination) is as follows:

Name of company	Proportion of ownership interests and voting rights held by non-controlling interests		Profit/(Loss) allocated to non-controlling interests		Accumulated non-controlling interests	
	2016 %	2015 %	2016 RM	2015 RM	2016 RM	2015 RM
MGB Group *	43.57	-	1,167,635	-	151,490,694	-
Zhuhai International Circuit Limited ("ZIC")	40	40	(3,394,769)	(5,953,297)	(33,552,936)	(29,186,839)
Mayang Jelatek Sdn. Bhd. ("MJSB")	49	49	(10,062)	318,890	8,685,078	8,695,140
MITCE	-	25	-	3,086,246	-	6,539,262
Individually immaterial subsidiary companies with non-controlling interests					126,622,836 (7,567,075)	(13,952,437) (5,336,035)
Total non-controlling interests					119,055,761	(19,288,472)

\* MGB Group represents ML Global Berhad and its subsidiary companies

The summarised financial information for each subsidiary company that has non-controlling interests that are material to the Group is set out below. The summarised financial information below represents amounts before inter-company elimination.

### (i) Summarised Statements of Financial Position

	MGB Group RM	ZIC RM	MJSB RM	MITCE RM
<b>2016</b>				
Non-current assets	361,660,623	196,018,006	6,251,436	-
Current assets	274,547,244	44,059,174	15,365,929	-
Non-current liabilities	(31,467,004)	(200,676,278)	-	-
Current liabilities	(268,980,491)	(113,555,620)	(3,892,711)	-
Net assets/(liabilities)	335,760,372	(74,154,718)	17,724,654	-
Equity attributable to :				
Owners of the Parent	335,762,513	(40,601,782)	17,724,654	-
Non-controlling interests	(2,141)	(33,552,936)	-	-
Total Equity	335,760,372	(74,154,718)	17,724,654	-

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

## 8. INVESTMENT IN SUBSIDIARY COMPANIES (CONT'D)

### (e) Material partly owned subsidiary companies (cont'd)

The summarised financial information for each subsidiary company that has non-controlling interests that are material to the Group is set out below. The summarised financial information below represents amounts before inter-company elimination. (cont'd)

#### (i) Summarised Statements of Financial Position (cont'd)

	<b>ZIC RM</b>	<b>MJSB RM</b>	<b>MITCE RM</b>
<b>2015</b>			
Non-current assets	210,338,812	6,262,723	44,224,395
Current assets	40,735,169	17,366,940	133,175,963
Non-current liabilities	(204,360,814)	-	(21,272,212)
Current liabilities	(110,364,615)	(5,884,474)	(129,971,102)
Net (liabilities)/assets	(63,651,448)	17,745,189	26,157,044
Equity attributable to :			
Owners of the Parent	(34,464,609)	17,745,189	26,157,044
Non-controlling interests	(29,186,839)	-	-
Total Equity	(63,651,448)	17,745,189	26,157,044

#### (ii) Summarised Statements of Profit or Loss and Other Comprehensive Income

	<b>MGB Group RM</b>	<b>ZIC RM</b>	<b>MJSB RM</b>	<b>MITCE RM</b>
<b>2016</b>				
Revenue	92,532,519	24,540,411	5,520,930	418,384,553
Net profit/(loss) for the financial year	322,961	(11,477,055)	(20,536)	21,156,980
Other comprehensive income for the financial year	5,162,495	4,393,398	-	-
Total comprehensive income/(loss) for the financial year	5,485,456	(7,083,657)	(20,536)	21,156,980
		<b>ZIC RM</b>	<b>MJSB RM</b>	<b>MITCE RM</b>
<b>2015</b>				
Revenue	22,469,122	5,595,581	263,222,219	
Net (loss)/profit for the financial year	(17,465,440)	650,797	12,344,982	
Other comprehensive income for the financial year	3,273,727	271,482	-	
Total comprehensive (loss)/income for the financial year	(14,191,713)	922,279	12,344,982	

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

## 8. INVESTMENT IN SUBSIDIARY COMPANIES (CONT'D)

### (e) Material partly owned subsidiary companies (cont'd)

The summarised financial information for each subsidiary company that has non-controlling interests that are material to the Group is set out below. The summarised financial information below represents amounts before inter-company elimination. (cont'd)

#### (iii) Summarised Statements of Cash Flows

	<b>MGB Group RM</b>	<b>ZIC RM</b>	<b>MJSB RM</b>	<b>MITCE RM</b>
<b>2016</b>				
Net cash (used in)/generated from operating activities	(12,704,852)	(2,455,082)	2,638,994	-
Net cash generated from/(used in) investing activities	19,582,346	(1,200,458)	-	-
Net cash (used in)/generated from financing activities	(4,659,867)	3,617,422	-	-
Net increase/(decrease) in cash and cash equivalents	2,217,627	(38,118)	2,638,994	-

	<b>ZIC RM</b>	<b>MJSB RM</b>	<b>MITCE RM</b>
<b>2015</b>			
Net cash (used in)/generated from operating activities	(1,836,294)	1,687,596	9,594,937
Net cash used in investing activities	(502,494)	-	(2,445,500)
Net cash generated from/(used in) financing activities	2,830,269	(1,594,793)	(8,543,364)
Net increase/(decrease) in cash and cash equivalents	491,481	92,803	(1,393,927)

#### (iv) Dividends paid

	<b>MGB Group RM</b>	<b>ZIC RM</b>	<b>MJSB RM</b>	<b>MITCE RM</b>
<b>2016</b>				
Dividends paid to non-controlling interests	-	-	-	(2,000,000)



## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

### 8. INVESTMENT IN SUBSIDIARY COMPANIES (CONT'D)

(e) Material partly owned subsidiary companies (cont'd)

The summarised financial information for each subsidiary company that has non-controlling interests that are material to the Group is set out below. The summarised financial information below represents amounts before inter-company elimination. (cont'd)

(iv) Dividends paid (cont'd)

	ZIC RM	MJSB RM	MITCE RM
<b>2015</b>			
Dividends paid to non-controlling interests	-	-	(3,000,000)

- (f) There are no significant restrictions on the ability of the subsidiary companies to transfer funds to the Group in the form of cash dividends or repayment of loans and advances. Generally, for all subsidiary companies which are not wholly-owned by the Company, non-controlling shareholders hold protective rights restricting the Company's ability to use the assets of the subsidiary companies and settle the liabilities of the Group, unless approval is obtained from the non-controlling shareholders.

### 9. INVESTMENT IN ASSOCIATED COMPANIES

(a) Investment in associated companies

	Group		Company	
	2016 RM	2015 RM	2016 RM	2015 RM
<b>At cost</b>				
Quoted shares in Malaysia	-	10,883,769	-	10,883,769
Unquoted shares in Malaysia	4,100,070	4,100,070	-	-
	4,100,070	14,983,839	-	10,883,769
Accumulated impairment losses				
At 1 January	3,778,430	199,999	3,578,431	-
Impairment during the financial year	-	3,578,431	-	3,578,431
Reversal of impairment loss	(3,578,431)	-	(3,578,431)	-
At 31 December	199,999	3,778,430	-	3,578,431
Group's share of post acquisition reserves	(1,264,189)	2,673,931	-	-
	2,635,882	13,879,340	-	7,305,338

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

## 9. INVESTMENT IN ASSOCIATED COMPANIES (CONT'D)

(a) Investment in associated companies (cont'd)

Details of the associated companies are set out in Note 51.

During the financial year, the Company acquired 24,232,696 ordinary shares of RM0.50 each in MGB for a total cash consideration of RM13,147,672 only. Consequently, MGB became a 51.18% owned subsidiary company of the Company.

An reversal of impairment loss amounting to RM3,578,431 was recognised during the financial year.

In previous financial year, the recoverable amount of the Company's investment in MGB estimated based on value-in-use method was RM7,305,338. In determining value-in-use for MGB, the cash flows were discounted at a rate of 6.79% on a pre-tax basis.

(b) The summarised financial information of the associated companies is as follows:

	2016 RM	Group 2015 RM
<b>Assets and liabilities</b>		
Non-current assets	1,259,122	21,386,850
Current assets	1,273,406	34,510,051
Non-current assets classified as held for sale	-	12,086,177
Total assets	2,532,528	67,983,078
Non-current liabilities	(850,750)	(14,663,759)
Current liabilities	(1,204,387)	(22,103,524)
Total net assets	477,391	31,215,795
<b>Financial results</b>		
Revenue	139,240	37,026,211
(Loss)/Profit before taxation	(459,289)	6,701,819
Taxation	(4,000)	3,096,840
Net (loss)/profit for the financial year	(463,289)	9,798,659

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

### 9. INVESTMENT IN ASSOCIATED COMPANIES (CONT'D)

- (b) The summarised financial information of the associated companies is as follows: (cont'd)

The unrecognised share of losses of the associated companies is as follows:

	2016 RM	Group 2015 RM
At 1 January	225,467	206,676
Additions during the financial year	18,993	18,791
At 31 December	244,460	225,467

- (c) The Group's associated companies are not material individually to the financial position, financial performance and cash flows of the Group except for MGB Group.

The summarised financial information of the Group's material associated company is set out below:

Name of company	Proportion of ownership interests and voting rights held		Investment in associated companies	
	2016 %	2015 %	2016 RM	2015 RM
MGB Group	-	24.13	-	11,073,306
Individually immaterial associated companies			2,635,882	2,806,034
			2,635,882	13,879,340

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

## 9. INVESTMENT IN ASSOCIATED COMPANIES (CONT'D)

- (c) The Group's associated companies are not material individually to the financial position, financial performance and cash flows of the Group except for MGB Group. : (cont'd)

The summarised financial information represents the amounts in the financial statements of MGB Group and not the Group's share of those amounts.

	<b>MGB Group</b>	
	<b>2016 RM</b>	<b>2015 RM</b>
<b>Assets and liabilities</b>		
Non-current assets	-	20,109,742
Current assets	-	32,892,852
Non-current assets classified as held for sale	-	12,086,177
Total assets	-	65,088,771
Non-current liabilities	-	(13,976,087)
Current liabilities	-	(20,837,768)
Total liabilities	-	(34,813,855)
Total net assets	-	30,274,916
Market value:		
Quoted shares in Malaysia	-	40,335,480
<b>Financial results</b>		
Revenue	-	37,026,211
Profit before taxation	-	7,076,998
Taxation	-	3,096,840
Net profit for the financial year	-	10,173,838

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

## 10. PROMISSORY NOTE

	2016 RM	Group 2015 RM
Non-current	-	100,498,924
Current	-	105,523,704
	-	206,022,628

The promissory note had a principal amount of HKD850 million which was interest free and receivable by four annual instalments. The promissory note was carried at amortised cost based on an effective interest rate of 5% per annum. The third and fourth instalments in aggregate of HKD400 million were early repaid by the issuer during the year.

## 11. OTHER INVESTMENTS

	2016 RM	Group 2015 RM	Company 2016 RM	2015 RM
<b>Non-Current</b>				
<b>Available-for-sale financial assets</b>				
Equity securities listed in Hong Kong measured at fair value on recurring basis and classified as level 1 of the fair value hierarchy	98,801,419	93,835,130	-	-
	98,801,419	93,835,130	-	-
<b>Other investments</b>				
<b>At cost</b>				
Transferable corporate club membership	1,248,501	1,248,501	-	-
<b>Accumulated impairment losses</b>				
At 1 January	100,000	-	-	-
Impairment during the financial year	-	100,000	-	-
At 31 December	100,000	100,000	-	-
	1,148,501	1,148,501	-	-
	99,949,920	94,983,631	-	-

The fair value of the listed equity securities was determined by reference to the quoted price in an active market. In view of the significant and prolonged decline in the fair value of the available-for-sale financial assets, impairment loss thereon amounting to RM27,025,897 (2015: RMNil) was recycled from other comprehensive income to profit or loss during the financial year. The impairment loss recognised in profit or loss shall not be reversed in the future.

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

## 11. OTHER INVESTMENTS (CONT'D)

The listed equity securities with carrying amount of RM98,801,419 (2015: RM93,835,130) have been pledged to licensed banks to partially secure the bank overdrafts as disclosed in Note 30.

An impairment loss of RM100,000 on transferable corporate club membership was recognised during the previous financial year.

	<b>Group</b>		<b>Company</b>	
	<b>2016 RM</b>	<b>2015 RM</b>	<b>2016 RM</b>	<b>2015 RM</b>
<b>Current</b>				
<b>Financial assets at fair value through profit or loss</b>				
Over the counter trust funds measured at fair value on recurring basis and classified as level 1 of the fair value hierarchy	-	38,488,161	-	11,029,697

The fair value of the trust funds was determined by reference to the quoted prices provided by a financial intermediary.

## 12. GOODWILL ON CONSOLIDATION

	<b>2016 RM</b>	<b>Group 2015 RM</b>
<b>Cost</b>		
At 1 January	134,646,168	134,644,894
Acquisition of subsidiary companies	48,802,975	1,274
At 31 December	183,449,143	134,646,168
<b>Accumulated impairment losses</b>		
At 1 January	50,428,933	47,502,567
Impairment during the financial year	6,040,342	2,926,366
At 31 December	56,469,275	50,428,933
<b>Carrying amount</b>	126,979,868	84,217,235

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

## 12. GOODWILL ON CONSOLIDATION (CONT'D)

### (a) Impairment test for goodwill on consolidation

Goodwill on consolidation has been allocated to Group's cash-generating units ("CGUs") identified according to business segments as property development and construction as follows:

	2016 RM	Group 2015 RM
Property development	120,125,182	84,217,235
Construction	6,854,686	-
	126,979,868	84,217,235

### (b) Key assumptions used to determine the recoverable amount

The recoverable amount of a CGU is determined based on value-in-use calculations using cash flow projections based on financial budgets approved by management covering a five to ten years period. The key assumptions used for value-in-use calculations are based on future projection of the Group in Malaysia as follows:

	Property development	Construction
Gross Margin	21%	8%
Growth rate	N/A	10%
Pre-tax discount rate	6.07% p.a.	11% p.a.

The key assumptions that the directors have used in the cash flow projections to undertake impairment testing are as follows:

- (i) Gross margin - Budgeted value based on the average margins achieved in the year immediately before the budgeted year, increased for expected efficiency improvements and market development.
- (ii) Growth rate - Not applicable for property development segment as the cash flow projections made is for a period of 5 to 10 years, in accordance with the expected life cycle of the CGU.
- (iii) Pre-tax discount rate - Rate that reflects specific risks relating to the relevant CGU.

The values assigned to the key assumptions represent management's assessment of future trends in the industry and are based on both external sources and internal sources.

The management believes that no reasonably possible change in any of the above key assumptions would cause the carrying values of the units to materially exceed their recoverable amounts.

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

## 12. GOODWILL ON CONSOLIDATION (CONT'D)

(c) Sensitivity to changes in assumptions

The management believes that a reasonably possible changes in the key assumptions on which management has based on its determination of the CGU's recoverable amount would not cause the CGU's carrying amount to exceed its recoverable amount.

(d) Impairment recognised during the financial year

The Group recognised an impairment of RM6,040,342 (2015: RM2,926,366) during the financial year in respect of the goodwill arising on consolidation. The goodwill relates to certain subsidiary companies which mainly undertake development projects which are expected to complete within the next 5 years. As a decrease in development activities or other significant cash generating activities is expected from the subsidiary companies, the related goodwill has been impaired accordingly.

## 13. INVENTORIES

	2016 RM	Group 2015 RM
<b>At cost:</b>		
Stock of completed properties	185,439,203	74,160,419
Finished goods	168,091	116,853
<b>At net realisable value:</b>		
Stock of completed properties	2,260,000	2,260,000
	187,867,294	76,537,272
<b>Recognised in profit or loss</b>		
Inventories recognised in cost of sales	24,560,725	2,360,216
Inventories written down	-	36,400

Included in the inventories above was an carrying amount of RM132,961,147 (2015: RM27,449,832) which have been pledged to licensed banks as securities for banking facilities granted to the Group as disclosed in Note 28.



## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

### 14. AMOUNT OWING BY/(TO) CUSTOMERS ON CONTRACTS

	2016 RM	Group 2015 RM
Contract cost incurred to date	142,036,686	81,130,755
Attributable profits recognised to-date	16,404,289	9,314,693
	158,440,975	90,445,448
Less: Progress billings	(170,075,443)	(95,992,231)
	(11,634,468)	(5,546,783)
Presented as:		
Amount owing by customers on contracts	206,607	56,017
Amount owing to customers on contracts	(11,841,075)	(5,602,800)
	(11,634,468)	(5,546,783)

Included in contract cost incurred to-date for the financial year is rental of premises of RM101,772 (2015: RM72,700).

Included in progress billings is retention sum of RM10,223,772 (2015: RM4,197,412).

### 15. TRADE RECEIVABLES

	2016 RM	Group 2015 RM
Trade receivables		
- Third parties	309,347,321	194,636,534
- Related parties	7,639,091	2,915,203
	316,986,412	197,551,737
Less: Allowance for impairment losses		
- Third parties	(1,522,813)	(1,427,906)
	315,463,599	196,123,831

The Group's normal trade credit terms range from 14 to 180 days (2015: 14 to 180 days). Other credit terms are assessed and approved on a case-by-case basis.

Included in the trade receivables was an amount of RM14,289,559 (2015: RM28,711,184) retained by stakeholders which are due upon the expiry of retention period as stipulated in the sale and purchase agreements. The retention periods range from 8 to 24 months.

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

## 15. TRADE RECEIVABLES (CONT'D)

Analysis of the trade receivables ageing are as follows:

	2016 RM	Group 2015 RM
Neither past due nor impaired	107,420,273	70,425,190
Past due less than 30 days not impaired	33,686,772	41,812,056
Past due for 31-60 days not impaired	27,827,677	17,834,164
Past due for more than 60 days not impaired	146,528,877	66,052,421
	208,043,326	125,698,641
Individually impaired	315,463,599	196,123,831
	1,522,813	1,427,906
	316,986,412	197,551,737

Trade receivables that are neither past due nor impaired are creditworthy receivables with good track record with the Group.

As at 31 December 2016, trade receivables of RM208,043,326 (2015: RM125,698,641) were past due but not impaired. These mainly relate to amounts due from property purchasers with end financing facilities from reputable end financiers. In respect of property purchasers with no end financing facilities, the Group retains the legal title to all the properties sold until the full contracted sale value is settled. Accordingly, no impairment has been made on these amounts and the Group is closely monitoring these receivables and is confident of their eventual recovery.

The movements in the allowance for impairment losses (individually assessed) during the financial year are as follows:

	2016 RM	Group 2015 RM
At 1 January	1,427,906	1,364,204
Impairment during the financial year	106,804	-
Reversal of allowance for impairment losses	(1,522)	-
Exchange differences	(10,375)	63,702
At 31 December	1,522,813	1,427,906

The trade receivables of the Group that are individually assessed to be impaired amounting to RM1,522,813 (2015: RM1,427,906), related to property purchasers who are in financial difficulties or have defaulted on payments. These balances are expected to be recovered through the debt recovery process.

Concentration of credit risk with respect to trade receivables is limited due to the Group's large number of customers, who are widely distributed and cover a broad range of end markets. There is no objective evidence that the trade receivables are not fully recoverable.

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

## 16. OTHER RECEIVABLES

	<b>Group</b>		<b>Company</b>	
	<b>2016 RM</b>	<b>2015 RM</b>	<b>2016 RM</b>	<b>2015 RM</b>
Other receivables				
- Third parties	53,098,506	33,607,678	326,236	113,720
- Related parties	241,770	621,145	-	3,200,000
	53,340,276	34,228,823	326,236	3,313,720
Less: Allowance for impairment losses				
- Third parties	(10,397,164)	(9,852,186)	-	-
Acquisition of subsidiary company	(845,679)	-	-	-
	42,097,433	24,376,637	326,236	3,313,720
Deposits				
- Third parties	29,908,092	21,067,029	14,500	4,500
- Related parties	20,400	76,538	-	-
Prepayments	38,464,914	47,353,085	-	-
Total other receivables	110,490,839	92,873,289	340,736	3,318,220

Included in other receivables of the Group mainly comprise of the followings:

- (i) Deposits and prepaid purchase consideration of RM15,213,000 and RM33,275,016 (2015: RM9,680,000 and RM39,750,000) paid for the acquisition and joint venture of development lands that have not been completed as at 31 December 2016. The balance of these deposits and prepaid purchase consideration are disclosed as capital commitments in Note 48.
- (ii) An amount of RM5,690,311 (2015: RM4,012,645) provided for settlement with the purchasers of a development project of a subsidiary company in accordance with the Workout Proposals of Instangreen Corporation Berhad. This amount will be settled upon receipt of claims from all the purchasers.
- (iii) An amount of RM687,822 (2015: RM686,857) arising from a project management agreement signed with a developer. The projects have been completed and collection is pending strata titles issuance and closure of housing development accounts by the developer.

Other receivables of the Company amounting to RM3,200,000 in the previous financial year was arising from the dividend receivable from a subsidiary company.

The Group and the Company have not recognised any impairment on certain receivables that are past due at the end of financial year, as there is no objective evidence that the receivables are not fully recoverable.

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

## 16. OTHER RECEIVABLES (CONT'D)

The movements in the allowance for impairment losses (individually assessed) during the financial year are as follows:

	<b>Group</b>		<b>Company</b>	
	<b>2016 RM</b>	<b>2015 RM</b>	<b>2016 RM</b>	<b>2015 RM</b>
At 1 January	9,852,186	9,864,904	-	-
Impairment during the financial year	544,978	-	-	-
Acquisition of subsidiary company	845,679	-	-	-
Reversal of allowance for impairment losses	-	(12,718)	-	-
At 31 December	11,242,843	9,852,186	-	-

A reversal of allowance for impairment losses amounting to RM12,718 was recognised in the previous financial year when these balances were written off.

Other receivables that are individually determined to be impaired at the reporting date related to debtors that are in financial difficulties and have defaulted on payment.

## 17. AMOUNT OWING BY/(TO) SUBSIDIARY COMPANIES

### (a) Amount owing by subsidiary companies

These represent unsecured interest free advances and repayable on demand except for an amount of RM185,815,664 (2015: RM252,653,104) which bears interest ranging from 5.09% to 6.07% (2015: 5.20% to 5.96%) per annum.

### (b) Amount owing to a subsidiary company

These represent unsecured interest free advances and repayable on demand except for an amount of RM62,411,867 (2015: RM56,946,384) which bears interest ranging from 3.88% to 4.17% (2015: 3.87% to 3.89%) per annum.

## 18. FIXED DEPOSITS WITH LICENSED BANKS

Included in the fixed deposits of the Group and of the Company are amounts of RM40,221,758 and RM31,442,414 (2015: RM20,452,403 and RM10,341,966) respectively which are pledged to licensed banks as securities for banking facilities granted to the Company and certain subsidiary companies as disclosed in Notes 28 and 30.

The interest rates and maturities of deposits of the Group and of the Company at the reporting date ranging from 0.05% to 3.90% (2015: 0.28% to 4.50%) per annum and 1 to 365 days (2015: 1 to 365 days) respectively. All unpledged deposits have maturity periods of less than three months.

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

## 19. CASH HELD UNDER HOUSING DEVELOPMENT ACCOUNTS

Cash held under the Housing Development Accounts which are not freely available for use represents monies received from purchasers of residential properties less payments or withdrawals in accordance with the Housing Development (Controls and Licensing) Act, 1966.

The interest rates of cash held under Housing Development Accounts at the reporting date ranging from 0.19% to 2.10% (2015: 0.20% to 2.20 %) per annum.

## 20. CASH AND BANK BALANCES

Included in cash and bank balances of the Group and of the Company are deposits with licensed banks amounting to RM9,878,803 and RM703,731 (2015: RM9,114,119 and RM724,614) respectively which have been pledged to licensed banks for banking facilities granted to the Group and to the Company as disclosed in Note 28.

## 21. SHARE CAPITAL

	Group/Company		Amount	
	Number of Shares 2016 Units	2015 Units	2016 RM	2015 RM
Ordinary shares of RM1.00 each				
<b>Authorised</b>	1,000,000,000	1,000,000,000	1,000,000,000	1,000,000,000
<b>Issued and fully paid shares:</b>				
At 1 January	551,437,117	538,298,257	551,437,117	538,298,257
Issuance of shares:				
- Exercise of ESOS	2,997,900	3,470,300	2,997,900	3,470,300
- Exercise of warrants	86,989,456	9,668,560	86,989,456	9,668,560
At 31 December	641,424,473	551,437,117	641,424,473	551,437,117

The holders of ordinary shares are entitled to receive dividends as and when declared by the Company. All ordinary shares carry one vote per share without restriction and rank equally with regard to the Company's residual assets. In respect of the Company's treasury shares that are held by the Company, all rights are suspended until those shares are reissued.

During the financial year, the Company increased its issued and paid-up share capital from 551,437,117 to 641,424,473 by way of issuance of 89,987,356 new ordinary shares of RM1.00 each as follows:

- 2,997,900 new ordinary shares of RM1.00 each for cash arising from the exercise of share options under Employees' Share Option Scheme at a weighted average exercise price of RM1.30 per ordinary share;
- 24,676,306 new ordinary shares of RM1.00 each for cash arising from the exercise of Warrants A at an exercise price of RM1.00 per ordinary share; and
- 62,313,150 new ordinary shares of RM1.00 each for cash arising from the exercise of Warrants B at an exercise price of RM1.25 per ordinary share.

The new ordinary shares issued during the financial year rank pari passu in all respects with the existing ordinary shares of the Company.

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

## 22. SHARE PREMIUM

	Group/Company	
	2016	2015
	RM	RM
<b>Non-distributable</b>		
At 1 January	48,298,035	44,586,608
Exercise of ESOS	7,626,285	391,361
Exercise of warrants	18,045,919	969,106
Own shares sold	265,027	2,350,960
At 31 December	74,235,266	48,298,035

## 23. TREASURY SHARES

	Group/Company			
	Number of Shares		Amount	
	2016	2015	2016	2015
	Units	Units	RM	RM
At 1 January	6,116,800	10,830,000	8,634,411	14,678,685
Shares repurchased	15,000	7,606,800	24,185	10,900,389
Own shares sold	(6,071,800)	(12,320,000)	(8,570,515)	(16,944,663)
At 31 December	60,000	6,116,800	88,081	8,634,411

Treasury shares relate to ordinary shares of the Company that are held by the Company. The amount consists of the acquisition costs of treasury shares net of the proceeds received on their subsequent sale or issuance.

The shareholders of the Company, by a resolution passed in the last Annual General Meeting held on 9 June 2016, renewed their approval for the Company's plan to repurchase its own shares. The directors of the Company are committed to enhance the value of the Company for its shareholders and believe that the repurchase plan can be applied in the best interest of the Company and its shareholders.

During the financial year, the Company repurchased 15,000 (2015: 7,606,800) of its issued shares from the open market. The average price paid for the shares repurchased was RM1.61 (2015: RM1.43) per share. The total consideration paid for the repurchase including transaction costs was RM24,185 (2015: RM10,900,389). The repurchased transactions were financed by internally generated funds. The shares repurchased are being held as treasury shares in accordance with Section 67A of the Companies Act, 1965.

During the financial year, the Company has also disposed of 6,071,800 (2015: 12,320,000) of its treasury shares in the open market for a total consideration of RM8,835,542 (2015: RM19,295,623).

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

### 23. TREASURY SHARES (CONT'D)

The Company has the right to resell these shares at a later date. As treasury shares, the rights attached as to voting, dividends and participation in other distribution are suspended.

Details of the repurchase and resale of treasury shares during the financial year are as follows:

	Number of shares repurchased Unit	Highest price paid per share RM	Lowest price paid per share RM	Average price per share RM	Total consideration paid RM
<b>2016</b>					
June	10,000	1.58	1.58	1.59	15,922
November	5,000	1.64	1.64	1.65	8,263
	15,000				24,185
<b>2015</b>					
March	380,000	1.51	1.49	1.51	572,898
April	1,090,000	1.55	1.49	1.52	1,661,802
May	20,000	1.62	1.55	1.56	31,278
June	74,600	1.64	1.60	1.62	120,635
July	1,543,200	1.56	1.45	1.49	2,296,211
August	2,850,400	1.50	1.28	1.39	3,953,346
September	1,108,400	1.46	1.28	1.37	1,519,359
October	110,200	1.42	1.39	1.41	155,634
November	260,000	1.39	1.34	1.37	356,769
December	170,000	1.37	1.35	1.37	232,457
	7,606,800				10,900,389
	Number of treasury shares resold Unit	Highest price resold per share RM	Lowest price resold per share RM	Average price resold per share RM	Total consideration received RM
<b>2016</b>					
March	6,071,800	1.47	1.46	1.46	8,835,542
<b>2015</b>					
May	12,320,000	1.62	1.57	1.57	19,295,623

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

## 24. OTHER RESERVES

	<b>Group</b>		<b>Company</b>	
	<b>2016 RM</b>	<b>2015 RM</b>	<b>2016 RM</b>	<b>2015 RM</b>
<b>Non-distributable</b>				
Fair value reserves	(34,809,309)	(92,969,940)	(34,827,821)	(64,115,002)
ESOS reserves	8,414,930	12,793,610	8,414,930	12,793,610
Foreign exchange reserves	119,865,996	121,328,050	-	-
Other reserves	(261,103,639)	(134,078,153)	-	-
Warrants reserves	36,566,506	68,321,318	36,566,506	68,321,318
	(131,065,516)	(24,605,115)	10,153,615	16,999,926

### (a) Fair value reserves

Fair value reserves represents the cumulative net change in the fair value of available-for-sale financial assets until they derecognised or impaired and fair value allocated to the bonus issue of free detachable Warrants B.

### (b) ESOS reserves

	<b>Group/Company</b>	
	<b>2016 RM</b>	<b>2015 RM</b>
<b>Non-distributable</b>		
At 1 January	12,793,610	9,945,172
Share-based payment	2,573,613	3,140,028
Exercise of ESOS	(6,730,885)	-
Realisation of ESOS reserve	(221,408)	(291,590)
At 31 December	8,414,930	12,793,610

Employees' Share Option Scheme reserves represent the equity-settled share options granted to employees. The reserves is made up of the cumulative value of services received from employees recorded over the vesting period commencing from the grant date of equity-settled share options, and is reduced by the expiry, cancellation or exercise of the share options.

The Employees' Share Option Scheme are disclosed in Note 37 to the financial statements.

### (c) Foreign exchange reserves

The foreign currency translation reserves represents exchange differences arising from the translation of the financial statements of foreign operations whose functional currencies are different from that of the Group's presentation currency.



# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

## 24. OTHER RESERVES (CONT'D)

### (d) Other reserves

Other reserves represents the difference between the Group's share of net assets before and after the acquisition of equity interest from its non-controlling interests, and any consideration paid.

### (e) Warrants reserves

	Group/Company		Amount	
	Number of Shares 2016 Units	2015 Units	2016 RM	2015 RM
<b>Non-distributable Warrants A</b>				
At 1 January	46,614,018	56,267,578	4,206,316	5,171,672
Realisation of Warrants reserve	(24,676,306)	(9,653,560)	(2,467,631)	(965,356)
At 31 December	21,937,712	46,614,018	1,738,685	4,206,316
<b>Warrants B</b>				
At 1 January	136,414,897	-	64,115,002	-
Issued during the year	-	136,429,897	-	64,122,052
Realisation of Warrants reserve	(62,313,150)	(15,000)	(29,287,181)	(7,050)
At 31 December	74,101,747	136,414,897	34,827,821	64,115,002
<b>Total warrant reserves</b>	<b>96,039,459</b>	<b>183,028,915</b>	<b>36,566,506</b>	<b>68,321,318</b>

Warrants reserves represent reserves allocated to the detachable Warrants A and Warrants B.

The salient terms of Warrants A and Warrants B are as follows:

#### (i) Warrants A

In the financial year 2008, the Company issued renounceable rights issue of 154,076,578 Warrants A on the basis of two (2) new warrants for every five (5) existing ordinary shares of RM1.00 each. The Company executed a Deed Poll constituting the warrants and the issue price and exercise price of the warrants have been fixed at RM0.10 and RM1.00 each respectively.

The Warrants A may be exercised at any time commencing on the date of issue of warrants on 12 June 2008 but not later than 11 June 2018. Any warrants which have not been exercised at the date of maturity will lapse and cease to be valid for any purpose.

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

## 24. OTHER RESERVES (CONT'D)

### (e) Warrants reserves (Cont'd)

#### (ii) Warrants B

On 5 October 2015, the Company had issued 136,429,897 Warrants B to all the entitled shareholders of the Company on the basis of one (1) free Warrant B for every four (4) existing ordinary shares of RM1.00 each held in the Company.

The Warrants B are constituted under a Deed Poll executed on 3 September 2015 and each warrant entitles the registered holder the right at any time during the exercise period from 5 October 2015 to 4 October 2020 to subscribe in cash for one new ordinary share of RM1.00 each of the Company at an exercise price of RM1.25 each.

The new ordinary shares allotted and issued upon exercise of the warrants shall rank pari passu in all respects with the existing ordinary shares of the Company, save and except that they shall not be entitled to any dividends, rights, allotments and/or other distributions, the entitlement date of which is prior to the date of allotment of the new ordinary shares arising from the exercise of the warrants.

As at 31 December 2016, the total number of Warrants A and Warrants B that remain unexercised were 21,937,712 (2015: 46,614,018) and 74,101,747 (2015: 136,414,897) respectively.

## 25. TRADE PAYABLES

	2016 RM	Group 2015 RM
<b>Non-current</b>		
Trade payables	248,138,494	93,613,370
<b>Current</b>		
Trade payables		
- Third parties	247,521,477	250,668,191
- Related parties	1,511,238	12,902,298
	249,032,715	263,570,489
Retention sum		
- Third parties	62,916,781	47,098,766
- Related parties	2,426,833	5,273,025
	65,343,614	52,371,791
	314,376,329	315,942,280
<b>Total trade payables</b>	<b>562,514,823</b>	<b>409,555,650</b>

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

### 25. TRADE PAYABLES (CONT'D)

(a) Non-current trade payables

This mainly represents payables for the acquisition and joint venture of project development lands. Payment will be made as stipulated in the agreements.

(b) Current trade payables

The normal trade credit terms granted to the Group range from cash basis to 60 days (2015: cash basis to 60 days). Other credit terms are assessed and approved on a case-by-case basis.

### 26. OTHER PAYABLES

	<b>Group</b>		<b>Company</b>	
	<b>2016 RM</b>	<b>2015 RM</b>	<b>2016 RM</b>	<b>2015 RM</b>
<b>Non-current</b>				
Other payables				
- Related parties	54,991,839	56,228,935	-	-
<b>Current</b>				
Other payables				
- Third parties	66,311,154	63,982,005	173,470	177,142
- Related parties	36,971,374	6,745,166	-	-
	103,282,528	70,727,171	173,470	177,142
Accruals				
- Third parties	198,822,027	175,549,814	214,387	575,040
- Related parties	-	-	1,021,006	-
	198,822,027	175,549,814	1,235,393	575,040
Deposits				
- Third parties	3,153,595	2,303,800	-	-
- Related party	2,000	2,000	-	-
	3,155,595	2,305,800	-	-
Dividend payable	13,027,823	32,719,219	13,027,823	32,719,219
	318,287,973	281,302,004	14,436,686	33,471,401
<b>Total other payables</b>	<b>373,279,812</b>	<b>337,530,939</b>	<b>14,436,686</b>	<b>33,471,401</b>

(a) Non-current other payables

This represents unsecured advances of RM54,991,839 (2015: RM56,228,935) from a joint venture partner which is not expected to be settled within the next twelve months.

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

## 26. OTHER PAYABLES (CONT'D)

(b) Current other payables

Included in other payables of the Group mainly comprise of the followings:

- (i) An amount of RM34,670,608 (2015: RM7,271,320) for equity interest acquisition from minority shareholders.
- (ii) An amount of RM5,690,311 (2015: RM4,012,645) provided for settlement with the purchasers of a development project of a subsidiary company in accordance with the Workout Proposals of Instangreen Corporation Berhad. This amount will be settled upon receipt of claims from all the purchasers.

## 27. FINANCE LEASE PAYABLES

	2016 RM	Group 2015 RM
<b>(a) Minimum lease payments</b>		
Within one year	2,392,870	2,043,833
Between one and five years	4,032,482	4,948,460
After five years	453,747	673,164
	6,879,099	7,665,457
Less: Future finance charges	(644,667)	(865,505)
Present value of minimum lease payments	6,234,432	6,799,952
<b>(b) Present value of finance lease payables</b>		
Within one year	2,107,504	1,700,660
Between one and five years	3,695,058	4,468,297
After five years	431,870	630,995
	6,234,432	6,799,952
Analysed as:		
Repayable within twelve months	2,107,504	1,700,660
Repayable after twelve months	4,126,928	5,099,292
	6,234,432	6,799,952

Interest is charged at rates ranging from 2.18% to 4.25% (2015: 2.18% to 4.25%) per annum.

The Group leases motor vehicles and plant, machinery and equipment under finance lease as disclosed in Note 4. At the end of the lease term, the Group has the option to acquire the assets at a nominal price deemed to be a bargain purchase option. There are no restrictive covenants imposed by the lease agreement and no arrangements have been entered into for contingent rental payments.

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

## 28. BANK BORROWINGS

	<b>Group</b>		<b>Company</b>	
	<b>2016 RM</b>	<b>2015 RM</b>	<b>2016 RM</b>	<b>2015 RM</b>
<b>Secured</b>				
Floating rates:				
Bridging loans	37,737,671	23,955,181	-	-
Term loans	264,678,942	190,321,839	16,542,777	15,542,470
Revolving credits	207,272,441	303,427,895	59,426,570	65,301,507
<b>Total bank borrowings</b>	<b>509,689,054</b>	<b>517,704,915</b>	<b>75,969,347</b>	<b>80,843,977</b>
<b>Analysed as:</b>				
<b>Repayable within twelve months</b>				
Floating rates:				
Bridging loans	6,933,029	3,954,800	-	-
Term loans	20,814,392	53,336,233	7,152,660	8,758,740
Revolving credits	167,797,242	172,474,719	50,426,570	53,301,507
	<b>195,544,663</b>	<b>229,765,752</b>	<b>57,579,230</b>	<b>62,060,247</b>
<b>Repayable after twelve months</b>				
Floating rates:				
Bridging loans	30,804,642	20,000,381	-	-
Term loans	243,864,550	136,985,606	9,390,117	6,783,730
Revolving credits	39,475,199	130,953,176	9,000,000	12,000,000
	<b>314,144,391</b>	<b>287,939,163</b>	<b>18,390,117</b>	<b>18,783,730</b>
<b>Total bank borrowings</b>	<b>509,689,054</b>	<b>517,704,915</b>	<b>75,969,347</b>	<b>80,843,977</b>

The banking facilities of the Group and of the Company obtained from licensed banks are secured by:

- fixed charge over certain property, plant and equipment as disclosed in Note 4;
- fixed charge or specific debenture over certain lands for property development as disclosed in Note 6;
- fixed charge and deed of assignment over rental proceeds in relation to certain investment properties as disclosed in Note 7;
- legal assignment of cash flows or insurance proceeds in relation to projects developed by subsidiary companies;
- fixed charge over certain inventories of certain subsidiary companies as disclosed in Note 13;
- assignment of promissory note as disclosed in Note 10;
- a charge on certain quoted shares;
- a pledge of fixed deposits as disclosed in Note 18;
- first charge over certain subsidiary companies' shares and/or warrants and/or quoted shares; and
- corporate guarantees provided by the Company and/or certain subsidiary companies.

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

### 28. BANK BORROWINGS (CONT'D)

Maturities of bank borrowings are as follows:

	Group		Company	
	2016 RM	2015 RM	2016 RM	2015 RM
Within one year	195,544,663	229,765,752	57,579,230	62,060,247
Between one and two years	100,376,687	95,307,500	18,390,117	9,783,730
Between two and three years	72,864,002	104,037,317	-	9,000,000
Between three and four years	51,156,939	18,749,589	-	-
Between four and five years	31,846,406	19,815,113	-	-
After five years	57,900,357	50,029,644	-	-
	509,689,054	517,704,915	75,969,347	80,843,977

The range of interest rates at the reporting date is as follows:

	Group		Company	
	2016 %	2015 %	2016 %	2015 %
Bridging loans	7.47 - 8.43	7.10 - 8.35	-	-
Term loans	3.27 - 8.31	2.68 - 8.35	3.27 - 8.10	2.67 - 2.73
Revolving credits	4.25 - 7.10	3.43 - 7.10	4.25 - 7.00	4.51 - 7.10

### 29. DEFERRED TAX ASSETS/(LIABILITIES)

	Group	
	2016 RM	2015 RM
At 1 January	(32,271,601)	(37,996,706)
Recognised in profit or loss	12,938,734	11,929,472
Arising from acquisition of a subsidiary company	58,003	-
Exchange differences	1,042,542	(6,204,367)
At 31 December	(18,232,322)	(32,271,601)

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

## 29. DEFERRED TAX ASSETS/(LIABILITIES) (CONT'D)

The net deferred tax assets and liabilities shown on the Statements of Financial Position after appropriate offsetting are as follows:

	2016 RM	Group 2015 RM
Deferred tax assets	27,223,591	13,295,290
Deferred tax liabilities	(45,455,913)	(45,566,891)
	(18,232,322)	(32,271,601)

The components and movements of deferred tax assets and liabilities at the end of reporting period prior to offsetting are as follows:

### Deferred tax assets of the Group

	Unused tax losses RM	Unutilised capital allowances RM	Others RM	Total RM
At 1 January 2016	-	-	13,295,290	13,295,290
Recognised in profit or loss	(465,263)	(474,456)	10,082,427	9,142,708
Under provision in prior year	-	-	1,789,165	1,789,165
Arising from acquisition of subsidiary company	2,335,242	661,186	-	2,996,428
At 31 December 2016	1,869,979	186,730	25,166,882	27,223,591
At 1 January 2015	118,552	-	2,870,713	2,989,265
Recognised in profit or loss	(118,552)	-	10,424,577	10,306,025
At 31 December 2015	-	-	13,295,290	13,295,290

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

## 29. DEFERRED TAX ASSETS/(LIABILITIES) (CONT'D)

Deferred tax liabilities of the Group

	<b>Accelerated capital allowances RM</b>
At 1 January 2016	(45,566,891)
Recognised in profit or loss	1,920,800
Under provision in prior year	86,061
Arising from acquisition of subsidiary company	(2,938,425)
Exchange difference	1,042,542
At 31 December 2016	(45,455,913)
At 1 January 2015	(40,985,971)
Recognised in profit or loss	1,623,447
Exchange difference	(6,204,367)
At 31 December 2015	(45,566,891)

Deferred tax assets have not been recognised in respect of the following temporary differences:

	<b>2016 RM</b>	<b>Group 2015 RM</b>
Unutilised capital allowances	2,450,587	1,665,566
Unused tax losses	67,511,243	52,021,277
Deductible temporary differences	8,972,730	3,953,380
	78,934,560	57,640,223

Deferred tax assets and liabilities are off-set when there is a legally enforceable right to set-off current tax assets against current tax liabilities and when the deferred taxes relate to the same tax authority.



# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

## 30. BANK OVERDRAFTS

	Group		Company	
	2016 RM	2015 RM	2016 RM	2015 RM
<b>Secured</b>				
Repayable within twelve months	100,901,943	43,665,940	42,650,845	8,631,290

The bank overdrafts obtained from licensed banks are secured by:

- (a) fixed charge over certain property, plant and equipment as disclosed in Note 4;
- (b) fixed charge or specific debenture over certain land for property development as disclosed in Note 6;
- (c) fixed charge over certain investment properties as disclosed in Note 7;
- (d) legal assignment of cash flows or insurance proceeds in relation to projects developed by subsidiary companies;
- (e) a pledge of fixed deposits as disclosed in Note 18;
- (f) first charge over certain subsidiary companies' shares and/or warrants and/or quoted shares;
- (g) certain equity securities listed in Hong Kong as disclosed in Note 11; and
- (h) corporate guarantees provided by the Company and certain subsidiary companies.

The interest rates of the Group and of the Company at the reporting date are as follows:

	Group		Company	
	2016 %	2015 %	2016 %	2015 %
Bank overdrafts	4.45 - 8.31	6.85 - 8.35	4.45 - 8.00	8.10

## 31. REVENUE

	Group		Company	
	2016 RM	2015 RM	2016 RM	2015 RM
Property development	813,441,607	574,730,317	-	-
Construction contracts	65,454,432	67,313,756	-	-
Trading and others	52,775,680	13,384,916	-	-
Completed properties	37,406,927	2,397,750	-	-
Motor racing events and sponsorship	24,540,411	22,469,122	-	-
Management fees from a subsidiary company	-	-	564,000	564,000
Dividends from subsidiary companies	-	-	80,277,184	65,035,000
	993,619,057	680,295,861	80,841,184	65,599,000

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

### 32. COST OF SALES

	Group		Company	
	2016 RM	2015 RM	2016 RM	2015 RM
Property development	526,585,245	364,750,675	-	-
Construction contracts	61,105,780	59,413,393	-	-
Trading and others	51,411,021	12,455,767	-	-
Completed properties	23,548,511	1,327,754	-	-
Motor racing events and sponsorship	11,347,229	7,094,167	-	-
	673,997,786	445,041,756	-	-

### 33. FINANCE COSTS

	Note	Group		Company	
		2016 RM	2015 RM	2016 RM	2015 RM
Interest expenses on:					
Term loans		13,729,802	11,655,747	474,258	503,138
Bank overdrafts		4,774,164	1,603,510	1,276,967	452,438
Bridging loans		4,846,766	2,775,290	-	-
Revolving credit		18,945,649	14,094,481	4,084,594	3,606,467
Finance lease		387,585	242,068	-	-
Islamic Securities		-	109,731	-	109,731
Trade finance facilities		45,389	-	-	-
Inter-company advances		-	-	1,510,302	1,712,468
Others		1,326,648	1,223,980	-	-
		44,056,003	31,704,807	7,346,121	6,384,242
Less:					
Interest capitalised in property development costs	6	(20,430,901)	(9,873,256)	-	-
		23,625,102	21,831,551	7,346,121	6,384,242

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

## 34. PROFIT BEFORE TAXATION

Profit before taxation is derived at after charging/(crediting):

	Group		Company	
	2016 RM	2015 RM	2016 RM	2015 RM
Allowance for impairment losses on:				
- Available-for-sale financial assets	27,025,897	-	-	-
- Other investments	-	100,000	-	-
- Goodwill arising on consolidation	6,040,342	2,926,366	-	-
- Investment in an associated company	-	3,578,431	-	3,578,431
- Trade and other receivables	651,782	-	-	-
Auditors' remuneration				
- Statutory	569,854	416,044	68,000	60,000
- Others	220,849	96,677	28,000	28,000
- Under provision in prior years	47,967	33,216	8,000	10,000
Bad debts written off	313,971	29,263	-	-
Deposits written off	124,617	-	-	-
Depreciation on:				
- Investment properties	796,128	757,554	-	-
- Property, plant and equipment	16,371,172	17,546,711	-	-
Inventories written down	-	36,400	-	-
Property, plant and equipment written off	381,496	78,946	-	-
Property development costs written off	210,009	-	-	-
Rental expense on :				
- Premises	514,123	543,691	-	-
- Office equipment	152,801	121,186	-	-
<u>Non-Executive Directors' remuneration:</u>				
Company's directors				
- Fees	137,214	130,680	137,214	130,680
- Salaries and other emoluments	696,200	628,000	696,200	628,000
- Share-based payment	202,788	175,656	202,788	175,656
- Other benefits	4,315	-	4,315	-
Subsidiary companies' directors				
- Fees	203,994	250,657	-	-
- Salaries and other emoluments	37,100	99,100	-	-

The Company's non-executive directors' remuneration does not include the estimated monetary value of benefits-in-kind amounting to RM53,162 (2015: RM48,900).

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

## 34. PROFIT BEFORE TAXATION (CONT'D)

Profit before taxation is derived at after charging/(crediting): (cont'd)

	<b>Group</b>		<b>Company</b>	
	<b>2016 RM</b>	<b>2015 RM</b>	<b>2016 RM</b>	<b>2015 RM</b>
Net loss/(gain) on foreign exchange				
- Realised	2,322,278	(2,568,617)	3,242,817	1,424,430
- Unrealised	(2,276,457)	1,841,631	5,495,212	2,230,125
(Gain)/Loss on disposal of:				
- Available-for-sale financial assets	(3,420,254)	(588,190)	-	-
- Financial assets at fair value through profit or loss	(36,730)	(333,757)	(27,602)	(104,141)
- Investment properties	(1,427,482)	-	-	-
- Non-current assets classified as held for sale	(4,963,823)	-	-	-
- Property, plant and equipment	(286,796)	305,830	-	-
Dividend income from:				
- Available-for-sale financial assets	(1,478,101)	(720,386)	-	-
- Financial assets at fair value through profit or loss	(471,586)	(97,547)	(122,938)	(40,141)
- Subsidiary companies	-	-	(80,277,184)	(65,035,000)
Fair value loss/(gain) on revaluation of financial assets at fair value through profit or loss	32,067	(25,554)	-	(29,697)
Grant income	(21,665,128)	-	-	-
Gain on remeasurement of previously held equity interest	(2,928,131)	-	(5,602,897)	-
Interest income from:				
- Advances to subsidiary companies	-	-	(14,722,804)	(10,737,310)
- Financial assets measured at amortised cost	(1,490,070)	(12,234,392)	-	-
- Licensed banks	(3,039,029)	(3,784,197)	(258,159)	(240,015)
- Trade receivables	(7,013,269)	(1,323,841)	-	-
Recover of bad debts written off	(760)	-	-	-
Receipt on unclaimed monies	(4,898)	(549)	-	(549)
Rental income from:				
- Investment properties	(865,472)	(852,229)	-	-
- Others	(547,964)	(259,323)	-	-
Reversal of impairment losses on:				
- Trade receivables	(1,522)	-	-	-
- Others receivables	-	(12,718)	-	-
- Subsidiary companies	-	-	(4,072)	-
Provision for staff economic compensation written back	(3,475,201)	-	-	-
Waiver of debts	(7)	(14,300)	-	-

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

## 35. TAXATION

	Group		Company	
	2016 RM	2015 RM	2016 RM	2015 RM
<b>Current income tax</b>				
Current year tax provision	67,032,695	47,205,433	2,960,391	2,309,395
Under provision in prior years	4,658,739	3,062,974	265,825	78,239
	71,691,434	50,268,407	3,226,216	2,387,634
<b>Deferred taxation</b>				
Relating to origination and reversal of temporary differences	(11,063,508)	(10,615,222)	-	-
Relating to changes in tax rate	-	399,344	-	-
Over provision in prior year	(1,875,226)	(1,713,594)	-	-
	(12,938,734)	(11,929,472)	-	-
Total tax expense	58,752,700	38,338,935	3,226,216	2,387,634

Malaysian Income tax is calculated at the statutory tax rate of 24% (2015: 25%) of the estimated assessable profit for the financial year.

A reconciliation of income tax expense applicable to profit before taxation at the statutory income tax rate to income tax expense at the effective income tax rate of the Group and of the Company are as follows:

	Group	
	2016 RM	2015 RM
Profit before taxation	143,954,268	108,834,920
At Malaysian statutory rate of 24% (2015: 25%)	34,549,025	27,208,730
Effects of changes in tax rate	-	399,344
Differential in tax rate in other jurisdiction	2,136,380	1,421,450
Subsidiary companies domiciled in tax heaven country	(1,189,508)	(1,259,708)
Income not subject to tax	(7,070,004)	(5,047,997)
Expenses not deductible for tax purposes	26,302,281	17,131,951
Deferred tax assets not recognised	4,556,070	2,562,625
Utilisation of previously unrecognised tax losses and unabsorbed capital allowances	(3,745,232)	(6,139,504)
Under provision of taxation in prior years	4,658,739	3,062,974
Over provision of deferred tax in prior years	(1,875,226)	(1,713,594)
Others	430,175	712,664
	58,752,700	38,338,935

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

## 35. TAXATION (CONT'D)

	2016 RM	Company 2015 RM
Profit before taxation	78,881,632	57,068,880
At Malaysian statutory rate of 24% (2015: 25%)	18,931,592	14,267,220
Expenses not deductible for tax purposes	5,180,089	3,484,775
Income not subject to tax	(21,151,290)	(15,442,600)
Under provision of taxation in prior years	265,825	78,239
	3,226,216	2,387,634

The Group has estimated unused tax losses and unutilised capital allowances of RM75,302,823 (2015: RM52,002,260) and RM3,228,628 (2015: RM2,412,017) respectively available for set-off against future taxable profit.

## 36. EARNINGS PER SHARE

### (a) Basic earnings per share

The basic earnings per share are calculated based on the consolidated profit for the financial year attributable to the owners of the Parent and the weighted average number of ordinary shares in issue during the financial year as follows:

	2016	Group 2015
Net profit for the financial year attributable to owners of the Parent (RM)	85,300,772	76,074,430
Weighted average number of ordinary shares in issue		
- Ordinary shares in issue as at 1 January	551,437,117	538,298,257
- Effect of ordinary shares issued during the year	38,155,184	7,650,033
- Effect of treasury shares held	(84,327)	(6,188,997)
Weighted average number of ordinary shares as at 31 December	589,507,974	539,759,293
Basic earnings per share (sen)	14.47	14.09

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

### 36. EARNINGS PER SHARE (CONT'D)

(b) Diluted earnings per share

Diluted earnings per share are calculated based on the consolidated profit for the financial year attributable to the owners of the Parent and the adjusted weighted average number of ordinary shares issued and issuable during the financial year adjusted for the dilutive effects of all potential ordinary shares as follows:

	2016	Group 2015
Net profit for the financial year attributable to owners of the Parent (RM)	85,300,772	76,074,430
Weighted average number of ordinary shares used in the calculation of basic earnings per share	589,507,974	539,759,293
Weighted average number of ordinary shares deemed issued at no consideration		
- ESOS	3,508,721	5,666,801
- Warrants A	6,808,255	12,177,873
- Warrants B	16,028,278	21,896,011
Adjusted weighted average number of ordinary shares as at 31 December	615,853,228	579,499,978
Diluted earnings per share (sen)	13.85	13.13

### 37. EMPLOYEES' SHARE OPTION SCHEME

The Company has established Employees' Share Option Scheme ("ESOS") of not more than 15% of the issued share capital of the Company at the point of time throughout the duration of the scheme to eligible directors and employees of the Group, which was approved by shareholders at an Extraordinary General Meeting ("EGM") held on 28 June 2012.

The ESOS became effective for a period of 10 years from 18 September 2012 to 17 September 2022.

The salient features of the ESOS are as follows:

- Eligible employees include directors of the Company and confirmed full time employees of the Company and its eligible subsidiary companies or under a fixed term employment contract, the contract should be for a duration of at least one (1) year, whom must be a Malaysian citizen, shall have attained the age of eighteen (18) years old and have served for at least one year of full continuous service in the Group.
- The maximum number of new ordinary shares which may be available under the ESOS shall not exceed 15% of the total issued and paid-up share capital of the Company at the point in time during the tenure of the ESOS.

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

### 37. EMPLOYEES' SHARE OPTION SCHEME (CONT'D)

The salient features of the ESOS are as follows: (cont'd)

- c) The new Company's shares of RM1.00 each ("new Shares") to be allotted and issued upon the exercise of the ESOS Option shall, upon allotment and issue, rank pari passu in all respects with the existing Company's ordinary shares of RM1.00 each save and except that the said new Shares so allotted will not be entitled to any dividends, rights, allotments and/or other distributions that may be declared, made or paid prior to the date of allotment of the said new Shares.
- (d) The ESOS shall be in force for a period of ten years.
- (e) The option is personal to the grantee and is non-assignable.
- (f) The option price shall be determined at a discount of not more than 10% from the weighted average market price of the Company's ordinary shares of RM1.00 each for five (5) market days preceding the date of offer, or the par value of the shares, whichever is higher.
- (g) The options granted may be exercised in full or in lesser number of ordinary shares provided that the number shall be in multiples of 100 shares.
- (h) The options granted may be exercised, subject to the maximum limit of options exercisable in each particular year, at any time within a period of ten years from the date of offer of the option or such period as may be specifically stated in the offer upon giving notice in writing.
- (i) The persons to whom the options have been granted shall not participate in more than one Employees' Share Option Scheme implemented by any company within the Group.

Movements in the number of share options outstanding and their related weighted average exercise prices ("WAEP") are as follows:

	Number of share options over ordinary shares of RM1.00 each					
	At 1 January	Granted	Forfeited	Exercised	At 31 December	Exercisable at 31 December
<b>2016 ESOS</b>						
First Grant	2,493,350	-	-	(213,500)	2,279,850	2,279,850
Second Grant	1,824,900	-	(50)	(470,200)	1,354,650	1,354,650
Third Grant	180,700	-	-	(102,300)	78,400	78,400
Fourth Grant	180,100	-	-	(8,500)	171,600	171,600
Fifth Grant	301,650	-	-	-	301,650	301,650
Sixth Grant	141,850	-	-	(95,200)	46,650	46,650
Seventh Grant	101,050	-	-	(12,000)	89,050	89,050
Eighth Grant	146,150	-	-	-	146,150	146,150
Ninth Grant	13,600	-	-	(8,500)	5,100	5,100
Tenth Grant	573,850	-	(15,300)	(17,000)	541,550	541,550
Eleventh Grant	106,200	-	-	-	106,200	106,200
Twelfth Grant	299,900	-	-	-	299,900	299,900



# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

## 37. EMPLOYEES' SHARE OPTION SCHEME (CONT'D)

Movements in the number of share options outstanding and their related weighted average exercise prices ("WAEP") are as follows: (cont'd)

	Number of share options over ordinary shares of RM1.00 each					Exercisable at 31 December
	At 1 January	Granted	Forfeited	Exercised	At 31 December	
<b>2016</b>						
<b>ESOS</b>						
Thirteenth Grant	424,600	-	(104,550)	(23,800)	296,250	296,250
Fourteenth Grant	127,500	-	-	-	127,500	127,500
Fifteenth Grant	1,060,900	-	-	(55,900)	1,005,000	1,005,000
Sixteenth Grant	364,600	-	-	(8,500)	356,100	356,100
Seventeenth Grant	207,500	-	-	-	207,500	207,500
Eighteenth Grant	152,100	-	-	(98,600)	53,500	53,500
Nineteenth Grant	108,800	-	-	-	108,800	108,800
Twentieth Grant	152,100	-	-	(3,400)	148,700	148,700
Twenty-First Grant	39,900	-	(7,600)	-	32,300	32,300
Twenty-Second Grant	141,900	-	-	(63,800)	78,100	78,100
Twenty-Third Grant	1,708,900	-	-	(383,700)	1,325,200	1,325,200
Twenty-Fourth Grant	172,700	-	(5,100)	(23,500)	144,100	144,100
Twenty-Fifth Grant	382,400	-	(89,200)	(37,400)	255,800	255,800
Twenty-Sixth Grant	408,600	-	-	(26,300)	382,300	382,300
Twenty-Seventh Grant	397,700	-	-	(57,700)	340,000	340,000
Twenty-Eighth Grant	664,600	-	(29,700)	(107,900)	527,000	527,000
Twenty-Ninth Grant	338,100	-	(3,400)	(52,600)	282,100	282,100
Thirtieth Grant	175,100	-	-	(133,500)	41,600	41,600
Thirty-First Grant	248,200	-	-	(175,900)	72,300	72,300
Thirty-Second Grant	-	176,900	-	(5,100)	171,800	171,800
Thirty-Third Grant	-	100,300	(7,700)	(56,100)	36,500	36,500
Thirty-Fourth Grant	-	168,300	-	(96,000)	72,300	72,300
Thirty-Fifth Grant	-	1,691,600	-	(268,000)	1,423,600	1,423,600
Thirty-Sixth Grant	-	181,600	(2,500)	(15,500)	163,600	163,600
Thirty-Seventh Grant	-	371,400	-	(175,900)	195,500	195,500
Thirty-Eighth Grant	-	510,100	-	(61,300)	448,800	448,800
Thirty-Ninth Grant	-	366,500	-	(33,200)	333,300	333,300
Fortieth Grant	-	485,300	-	(11,900)	473,400	473,400
Forty-First Grant	-	456,500	-	-	456,500	456,500
Forty-Second Grant	-	205,600	-	(95,200)	110,400	110,400
Forty-Third Grant	-	146,200	-	-	146,200	146,200
	13,639,500	4,860,300	(265,100)	(2,997,900)	15,236,800	15,236,800
WAEP	1.31	1.43	1.47	1.30	1.35	1.35

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

## 37. EMPLOYEES' SHARE OPTION SCHEME (CONT'D)

Movements in the number of share options outstanding and their related weighted average exercise prices ("WAEP") are as follows: (cont'd)

	Number of share options over ordinary shares of RM1.00 each					
	At 1 January	Granted	Forfeited	Exercised	At 31 December	Exercisable at 31 December
<b>2015</b>						
<b>ESOS</b>						
First Grant	4,337,100	-	(50)	(1,843,700)	2,493,350	2,493,350
Second Grant	2,685,750	-	(2,600)	(858,250)	1,824,900	1,824,900
Third Grant	189,200	-	(8,500)	-	180,700	180,700
Fourth Grant	182,600	-	(2,500)	-	180,100	180,100
Fifth Grant	338,150	-	(36,500)	-	301,650	301,650
Sixth Grant	150,350	-	(8,500)	-	141,850	141,850
Seventh Grant	103,600	-	(2,550)	-	101,050	101,050
Eighth Grant	249,850	-	(8,500)	(95,200)	146,150	146,150
Ninth Grant	28,900	-	-	(15,300)	13,600	13,600
Tenth Grant	638,850	-	(49,700)	(15,300)	573,850	573,850
Eleventh Grant	124,050	-	(17,850)	-	106,200	106,200
Twelfth Grant	299,900	-	-	-	299,900	299,900
Thirteenth Grant	492,950	-	(40,750)	(27,600)	424,600	424,600
Fourteenth Grant	130,000	-	(2,500)	-	127,500	127,500
Fifteenth Grant	1,082,100	-	(16,100)	(5,100)	1,060,900	1,060,900
Sixteenth Grant	367,200	-	(2,600)	-	364,600	364,600
Seventeenth Grant	349,500	-	(46,800)	(95,200)	207,500	207,500
Eighteenth Grant	160,600	-	(8,500)	-	152,100	152,100
Nineteenth Grant	111,300	-	(2,500)	-	108,800	108,800
Twentieth Grant	-	261,800	(9,400)	(100,300)	152,100	152,100
Twenty-First Grant	-	135,100	(95,200)	-	39,900	39,900
Twenty-Second Grant	-	148,700	(6,800)	-	141,900	141,900
Twenty-Third Grant	-	1,875,750	(6,700)	(160,150)	1,708,900	1,708,900
Twenty-Fourth Grant	-	325,700	-	(153,000)	172,700	172,700
Twenty-Fifth Grant	-	457,200	(11,900)	(62,900)	382,400	382,400
Twenty-Sixth Grant	-	411,200	(2,600)	-	408,600	408,600
Twenty-Seventh Grant	-	397,700	-	-	397,700	397,700
Twenty-Eighth Grant	-	702,900	-	(38,300)	664,600	664,600
Twenty-Ninth Grant	-	338,100	-	-	338,100	338,100
Thirtieth Grant	-	175,100	-	-	175,100	175,100
Thirty-First Grant	-	248,200	-	-	248,200	248,200
	12,021,950	5,477,450	(389,600)	(3,470,300)	13,639,500	13,639,500
WAEP	1.24	1.35	1.50	1.11	1.31	1.31

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

## 37. EMPLOYEES' SHARE OPTION SCHEME (CONT'D)

Details of share options outstanding at the end of the financial year are as follows:

Share Options	Exercise prices		Exercise periods	Fair value of share options at grant date	
	2016 RM	2015 RM		2016 RM	2015 RM
<b>ESOS</b>					
First Grant	1.00	1.00	18.09.2012 - 17.09.2022	0.12	0.12
Second Grant	1.08	1.08	01.07.2013 - 17.09.2022	0.33	0.33
Third Grant	1.22	1.22	01.08.2013 - 17.09.2022	0.39	0.39
Fourth Grant	1.46	1.46	01.09.2013 - 17.09.2022	0.77	0.77
Fifth Grant	1.69	1.69	01.10.2013 - 17.09.2022	1.07	1.07
Sixth Grant	1.61	1.61	01.11.2013 - 17.09.2022	1.10	1.10
Seventh Grant	1.50	1.50	01.12.2013 - 17.09.2022	1.03	1.03
Eighth Grant	1.43	1.43	01.01.2014 - 17.09.2022	0.96	0.96
Ninth Grant	1.35	1.35	01.02.2014 - 17.09.2022	0.91	0.91
Tenth Grant	1.55	1.55	01.03.2014 - 17.09.2022	1.04	1.04
Eleventh Grant	1.55	1.55	01.04.2014 - 17.09.2022	1.09	1.09
Twelfth Grant	1.61	1.61	01.05.2014 - 17.09.2022	1.07	1.07
Thirteenth Grant	1.56	1.56	01.06.2014 - 17.09.2022	1.03	1.03
Fourteenth Grant	1.54	1.54	01.07.2014 - 17.09.2022	0.70	0.70
Fifteenth Grant	1.54	1.54	01.08.2014 - 17.09.2022	0.74	0.74
Sixteenth Grant	1.52	1.52	01.09.2014 - 17.09.2022	0.70	0.70
Seventeenth Grant	1.53	1.53	01.10.2014 - 17.09.2022	0.71	0.71
Eighteenth Grant	1.48	1.48	01.11.2014 - 17.09.2022	0.68	0.68
Nineteenth Grant	1.51	1.51	01.12.2014 - 17.09.2022	0.59	0.59
Twentieth Grant	1.44	1.44	01.01.2015 - 17.09.2022	0.62	0.62
Twenty-First Grant	1.40	1.40	01.02.2015 - 17.09.2022	0.55	0.55
Twenty-Second Grant	1.40	1.40	01.03.2015 - 17.09.2022	0.52	0.52
Twenty-Third Grant	1.35	1.35	01.04.2015 - 17.09.2022	0.63	0.63
Twenty-Fourth Grant	1.40	1.40	01.05.2015 - 17.09.2022	0.61	0.61
Twenty-Fifth Grant	1.48	1.48	01.06.2015 - 17.09.2022	0.65	0.65
Twenty-Sixth Grant	1.44	1.44	01.07.2015 - 17.09.2022	0.61	0.61
Twenty-Seventh Grant	1.33	1.33	01.08.2015 - 17.09.2022	0.57	0.57
Twenty-Eighth Grant	1.18	1.18	01.09.2015 - 17.09.2022	0.43	0.43
Twenty-Ninth Grant	1.33	1.33	01.10.2015 - 17.09.2022	0.52	0.52
Thirtieth Grant	1.29	1.29	01.11.2015 - 17.09.2022	0.52	0.52
Thirty-First Grant	1.23	1.23	01.12.2015 - 17.09.2022	0.48	0.48
Thirty-Second Grant	1.28	-	01.01.2016 - 17.09.2022	0.51	-
Thirty-Third Grant	1.22	-	01.02.2016 - 17.09.2022	0.46	-
Thirty-Fourth Grant	1.21	-	01.03.2016 - 17.09.2022	0.46	-
Thirty-Fifth Grant	1.42	-	01.04.2016 - 17.09.2022	0.55	-
Thirty-Sixth Grant	1.43	-	01.05.2016 - 17.09.2022	0.56	-
Thirty-Seventh Grant	1.41	-	01.06.2016 - 17.09.2022	0.54	-
Thirty-Eighth Grant	1.40	-	01.07.2016 - 17.09.2022	0.51	-
Thirty-Ninth Grant	1.45	-	01.08.2016 - 17.09.2022	0.50	-
Fortieth Grant	1.45	-	01.09.2016 - 17.09.2022	0.60	-
Forty-First Grant	1.61	-	01.10.2016 - 17.09.2022	0.57	-
Forty-Second Grant	1.57	-	01.11.2016 - 17.09.2022	0.54	-
Forty-Third Grant	1.51	-	01.12.2016 - 17.09.2022	0.53	-

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

## 37. EMPLOYEES' SHARE OPTION SCHEME (CONT'D)

The fair value of services received in return for share options granted during the financial year is based on the fair value of share options granted estimated by the management using Black-Scholes-Merton model, taking into account the terms and conditions upon which the options were granted. The weighted average fair value of share options measured at grant date and the assumptions are as follows:

	<b>Group/Company</b>	
	<b>2016</b>	<b>2015</b>
	<b>RM</b>	<b>RM</b>
Weighted average fair value at grant date	0.53	0.56
Weighted average share price at grant date	1.60	1.49
Weighted average exercise price	1.43	1.35
Expected volatility (%)	18.68 - 19.82	17.49 - 29.12
Expected option life (years)	10	10
Risk-free interest rate, p.a. (%)	3.52 - 4.21	3.98 - 4.50
Expected dividend yield (%)	1.69 - 2.21	1.82 - 2.34

The expected life of the share options is based on historical data that has been adjusted accordingly to management's best estimate for the effects of non-transferability exercise restriction and behaviours conditions. The expected volatility is based on the historical volatility, adjusted for unusual or extraordinary volatility arising from certain economic or business occurrences which is not reflective of its long term average level. While the expected volatility is assumed to be indicative of future trends, it may not necessarily be the actual outcome.

No other features of the option grant were incorporated into the measurement of fair value. The Group and the Company recognised total share-based payment in profit or loss amounting to RM2,573,613 (2015: RM3,140,028) for the new options granted during the financial year.

Executive directors of the Group and of the Company and other members of key management have been granted the following number of options under the ESOS:

	<b>Group/Company</b>	
	<b>2016</b>	<b>2015</b>
	<b>RM</b>	<b>RM</b>
<b>ESOS</b>		
At 1 January	5,639,000	6,814,700
Additions *	-	59,500
Granted	1,375,300	1,292,000
Forfeited	(119,000)	(600)
Exercised	(711,000)	(2,526,600)
At 31 December	6,184,300	5,639,000

\* Unexercised share options previously granted to new key management personnel.

The share options were granted on the same terms and conditions as those offered to other employees of the Group.

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

## 38. STAFF COSTS

	Group		Company	
	2016 RM	2015 RM	2016 RM	2015 RM
Fees	679,674	651,114	-	-
Salaries and other emoluments	46,156,389	36,459,337	524,248	211,179
Defined contribution plan	5,003,937	4,187,420	67,427	26,023
Social security contributions	994,594	789,445	3,295	1,756
Share-based payment	2,370,825	2,964,372	2,370,825	2,964,372
Benefits-in-kind	332,783	411,196	-	-
Other benefits	1,900,805	2,370,703	67,765	49,107
	57,439,007	47,833,587	3,033,560	3,252,437

The Group's staff costs does not include the estimated monetary value of benefits-in-kind amounting to RM953,427 (2015: RM880,434).

Included in staff costs is aggregate amount of remuneration received and receivable by the executive directors of the Company and of the subsidiary companies during the financial year as below:

	Group		Company	
	2016 RM	2015 RM	2016 RM	2015 RM
<b>Executive Directors</b>				
Company's directors				
Fees	679,674	651,114	-	-
Salaries and other emoluments	9,096,687	7,979,190	-	-
Defined contribution plan	1,278,135	1,110,375	-	-
Social security contributions	3,988	620	-	-
Share-based payment	-	93,927	-	93,927
Benefits-in-kind	332,783	411,196	-	-
Other benefits	47,599	28,525	-	-
	11,438,866	10,274,947	-	93,927
<b>Executive Directors</b>				
Subsidiary companies' directors				
Salaries and other emoluments	2,834,862	1,856,516	-	-
Defined contribution plan	180,076	117,335	-	-
Social security contributions	58,546	59,987	-	-
Share-based payment	107,923	126,611	107,923	126,611
Other benefits	3,361	3,394	-	-
	3,184,768	2,163,843	107,923	126,611

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

## 38. STAFF COSTS (CONT'D)

	Group		Company	
	2016 RM	2015 RM	2016 RM	2015 RM
<b>Executive Directors</b>				
Company's directors	11,438,866	10,274,947	-	93,927
Subsidiary companies' directors	3,184,768	2,163,843	107,923	126,611
	14,623,634	12,438,790	107,923	220,538

The Group's executive directors' remuneration does not include the estimated monetary value of benefits-in-kind amounting to RM554,341 (2015: RM387,005).

## 39. DIVIDENDS

	Group/Company	
	2016 RM	2015 RM
<b>In respect of the financial year ended 31 December 2014 :</b>		
A single tier first and final dividend of 3.25 sen per ordinary share on 546,438,417 ordinary shares of RM1.00 each	-	17,759,247
<b>In respect of the financial year ended 31 December 2015 :</b>		
A tax exempt special dividend of 6 sen per ordinary share on 545,320,317 ordinary shares of RM1.00 each	-	32,719,219
A single tier first and final dividend of 3.5 sen per ordinary share on 612,899,598 ordinary shares of RM1.00 each	21,451,485	-
<b>In respect of the financial year ended 31 December 2016 :</b>		
A tax exempt special dividend of 2 sen per ordinary share on 637,337,773 ordinary shares of RM1.00 each	12,746,756	-
A tax exempt special dividend of 2 sen per ordinary share on 651,391,198 ordinary shares of RM1.00 each	13,027,823	-
	47,226,064	50,478,466

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

### 39. DIVIDENDS (CONT'D)

On 5 April 2017, the directors:

- (i) confirmed the payment date of a tax exempt special dividend of 2 sen per ordinary share of RM1.00 each in respect of the financial year ended 31 December 2016 pursuant to the announcement made on 6 May 2016. This dividend will be paid on 30 June 2017 to depositors registered in the Record of Depositors on 20 June 2017. The financial statements for the current financial year do not reflect this special dividend. Such dividend will be accounted for in equity as an appropriation of retained earnings in the financial year ending 31 December 2017; and
- (ii) declared a tax exempt special dividend of 6 sen per ordinary share of RM1.00 each in respect of the financial year ending 31 December 2017. This dividend will be paid in 3 tranches, 2 sen for each tranche. The date of entitlement and payment will be confirmed later. The financial statements for the current financial year do not reflect this special dividend. Such dividend will be accounted for in equity as an appropriation of retained earnings in the financial years ending 31 December 2017 and 31 December 2018.

On 25 April 2017, the directors:

- (i) declared a single tier interim dividend of 2 sen per ordinary share of RM1.00 each in respect of the financial year ended 31 December 2016. This interim dividend will be paid on 24 July 2017 to depositors registered in the Record of Depositors on 11 July 2017; and
- (ii) proposed a single tier final dividend of 2 sen per ordinary share of RM1.00 each in respect of the financial year ended 31 December 2016. The proposed dividend is subject to the approval of the shareholders at the forthcoming Annual General Meeting of the Company.

The financial statements for the current financial year do not reflect the dividends declared or proposed on 25 April 2017. Such dividends will be accounted for in equity as an appropriation of retained earnings in the financial year ending 31 December 2017.

### 40. NON-CURRENT ASSETS CLASSIFIED AS HELD FOR SALE

	2016 RM	Group 2015 RM
<b>Cost</b>		
At 1 January	-	-
Acquisition of subsidiary company	15,640,055	-
Disposal	(15,640,055)	-
At 31 December	-	-
<b>Accumulated depreciation</b>		
At 1 January	-	-
Acquisition of subsidiary company	3,553,878	-
Disposal	(3,553,878)	-
At 31 December	-	-
<b>Carrying amount</b>	-	-

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

## 40. NON-CURRENT ASSETS CLASSIFIED AS HELD FOR SALE (CONT'D)

On 17 February 2015, a subsidiary company has entered into a Sale and Purchase Agreement with a third party for the disposal of its freehold land and building known as HS(M) 17269 PT 6466, Mukim Rawang, Daerah Gombak, Negeri Selangor at a consideration of RM17,050,000.

The freehold land and building has been disposed in 15 September 2016.

## 41. RELATED PARTY DISCLOSURES

### (a) Identity of related parties

For the purposes of these financial statements, parties are considered to be related to the Group and/or the Company if the Group and/or the Company have the ability, directly or indirectly, to control or joint control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group or the Company and the party are subject to common control. Related parties may be individuals or other entities.

Related parties also include key management personnel defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Group and/or the Company either directly or indirectly. The key management personnel comprise the Directors and management personnel of the Group, having authority and responsibility for planning, directing and controlling the activities of the Group entities directly or indirectly.

### (b) Related party transactions have been entered into in the normal course of business under negotiated terms. In addition to the related party balances disclosed elsewhere in the financial statements, the significant related party transactions of the Group and of the Company are as follows:

	2016 RM	2015 RM
<b>Group</b>		
<b>Holding company:</b>		
Dividends paid/payable	23,246,858	27,433,572
<b>Other related parties:</b>		
<b>Income</b>		
Sale of development properties	2,625,600	34,148,110
Rendering of insurance services	6,729	4,250
Rental income	58,211	35,825
<b>Expense</b>		
Contractors' fees	30,883,322	32,750,445
Equity instrument	71,300,000	36,300,001
Legal fees	235,714	679,180
Purchase properties	470,000	-
Rental expenses	143,200	137,500
Rendering of services	111,514	96,920
Dividends paid/payable	1,672,300	2,988,225



# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

## 41. RELATED PARTY DISCLOSURES (CONT'D)

- (b) Related party transactions have been entered into in the normal course of business under negotiated terms. In addition to the related party balances disclosed elsewhere in the financial statements, the significant related party transactions of the Group and of the Company are as follows: (cont'd)

	2016 RM	2015 RM
<b>Company</b>		
<b>Holding company:</b>		
Dividends paid/payable	23,246,858	27,433,572
<b>Other related parties:</b>		
Dividends paid/payable	1,247,490	2,890,548

The nature and relationship between the Group and the Company with other related parties are as follows:

- (i) A firm or companies in which a close family member of certain directors of the Company or its subsidiary companies have financial interest;
  - (ii) A firm or companies in which certain directors of the Company or its subsidiaries have financial interest;
  - (iii) Person who have financial interest in subsidiary companies;
  - (iv) Companies in which the Company or its subsidiary companies have financial interest;
  - (v) Directors or key management personnel of the Company or its subsidiaries and their close family members; and
  - (vi) An associated company of the Company.
- (c) Information regarding outstanding balances arising from related party transactions as at 31 December 2016 is disclosed in Notes 15, 16, 17, 25 and 26.
- (d) Compensation of key management personnel.

Remuneration of directors and other members of key management are as follows:

	<b>Group</b>		<b>Company</b>	
	2016 RM	2015 RM	2016 RM	2015 RM
Short-term employee benefits	18,178,788	14,790,450	890,892	807,835
Share-based payment	744,079	722,714	744,079	722,714
Defined contribution plan	1,901,724	1,522,213	-	-

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

## 42. SEGMENT INFORMATION

The Group has five major reporting segments, as described below, which are the Group's strategic business units. Segment information is primarily presented in respect of the Group's business segment which is based on the Group's management and internal reporting structure. For each of the strategic business units, the Group's managing director reviews internal management reports on at least a quarterly basis. The following summary describes the operations in each of the Group's reportable segments:

The main business segments of the Group comprise the followings:

Property development	Development of residential, industrial and commercial properties.
Construction	Design and build, civil engineering and general construction activities.
Management and investment	Investment holding and provision of management services.
Motor racing circuit	Motor racing circuit development and management.
Trading and others	Trading in building material, insurance agent, selling of insurance membership cards, tourism development, manufacturing and trading of roof tiles.

Investment holding and provision of management services are being managed by two different operating segments within the Group. These operating segments have been aggregated to form a reportable segment as management services taking into account that these operating segments have similar nature of the services.

Other business segments include selling of membership cards covering personal insurance and insurance agent, tourism development, manufacturing and trading of roof tiles, none of which are of a sufficient size to be reported separately. The accounting policies of the segments are consistent with the accounting policies of the Group.

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on profit or loss and is measured consistently with profit or loss in the consolidated financial statements.

Transactions between segments are carried out on agreed terms between both parties. The effects of such inter-segment transactions are eliminated on consolidation. The measurement basis and classification are consistent with those adopted in the previous financial year.

The total of segment assets is measured based on all assets (including goodwill) of a segment, as included in the internal management reports that are reviewed by the Group's managing director. Segment total assets are used to measure the return of assets of each segment.

Segment liabilities information is neither included in the internal management reports nor provided regularly to the Group's managing director. Hence no disclosure is made on segment liabilities.

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

## 42. SEGMENT INFORMATION (CONT'D)

### Geographical segments

In determining the Group segment, revenue and non-current assets are based on the geographical location of customers as follows:

	Revenue		Non-current assets	
	2016 RM	2015 RM	2016 RM	2015 RM
Malaysia	969,078,646	657,826,739	989,917,869	682,715,198
People's Republic of China	24,540,411	22,469,122	199,267,695	212,486,634
Hong Kong	-	-	98,807,671	194,341,517

### Information about major customers

There is no significant concentration of revenue from any major customers as the Group sells its development properties to individual purchaser.

### Segment results

	Property Development RM	Construction RM	Management and Investment RM	Motor Racing Circuit RM	Trading and Others RM	Total RM
<b>2016 Revenue</b>						
Sales	850,848,534	453,571,474	403,416,176	24,540,411	111,630,626	1,844,007,221
Less: Inter-segment sales	-	(388,117,042)	(403,416,176)	-	(58,854,946)	(850,388,164)
Total revenue	850,848,534	65,454,432	-	24,540,411	52,775,680	993,619,057
<b>Financial results</b>						
Segment results	139,079,385	38,739,702	(16,698,871)	(6,914,057)	3,042,622	157,248,781
Interest income	9,539,542	-	1,777,394	95,432	130,000	11,542,368
Finance costs	(12,873,334)	(1,857,848)	(7,393,842)	(1,308,067)	(192,011)	(23,625,102)
Share of profit/(loss) in associated companies, net of tax	-	737,989	-	-	(1,949,768)	(1,211,779)
Profit/(Loss) before taxation	135,745,593	37,619,843	(22,315,319)	(8,126,692)	1,030,843	143,954,268
Taxation	(46,901,596)	(8,454,503)	(3,226,216)	1,643,228	(1,813,613)	(58,752,700)
Net profit/(loss) for the financial year	88,843,997	29,165,340	(25,541,535)	(6,483,464)	(782,770)	85,201,568

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

## 42. SEGMENT INFORMATION (CONT'D)

### Segment results (cont'd)

	Property Development RM	Construction RM	Management and Investment RM	Motor Racing Circuit RM	Trading and Others RM	Total RM
<b>2016</b>						
<b>Assets</b>						
Additions to non-current assets	216,879,379	20,589,569	23,867,414	2,222,392	768,598	264,327,352
Segment assets	1,952,672,926	178,572,276	428,322,606	235,430,031	30,505,864	2,825,503,703
<b>Other non-cash expenses</b>						
Allowance for impairment losses on:						
- Available-for-sale financial assets	-	-	27,025,897	-	-	27,025,897
- Goodwill arising on consolidation	6,040,342	-	-	-	-	6,040,342
- Receivables	135,001	-	482,040	-	34,741	651,782
Bad debts written off	-	306,022	-	7,949	-	313,971
Deposits written off	120,617	-	-	-	4,000	124,617
Depreciation of:						
- Property, plant and equipment	2,321,006	2,224,328	45,303	10,601,325	1,179,210	16,371,172
- Investment properties	223,577	566,695	5,856	-	-	796,128
Fair value loss on revaluation of financial assets at fair value through profit or loss	-	-	32,067	-	-	32,067
Net loss on disposal of:						
- Property, plant and equipment	31,490	-	41,358	-	-	72,848
Property development cost written off	210,009	-	-	-	-	210,009
Property, plant and equipment written off	3	587	98,399	41,782	240,725	381,496
Share-based payment	-	-	2,573,613	-	-	2,573,613
Unrealised loss on foreign exchange	262	-	-	-	-	262

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

## 42. SEGMENT INFORMATION (CONT'D)

### Segment results (cont'd)

	Property Development RM	Construction RM	Management and Investment RM	Motor Racing Circuit RM	Trading and Others RM	Total RM
<b>2016</b>						
<b>Other non-cash income</b>						
Interest income from financial assets measured at amortised cost	-	-	(1,490,070)	-	-	(1,490,070)
Gain on remeasurement of previously held equity interest	-	-	(2,928,131)	-	-	(2,928,131)
Net gain on disposal of:						
- Available-for-sale financial assets	-	-	(3,420,254)	-	-	(3,420,254)
- Financial assets at fair value through profit or loss	-	-	(36,730)	-	-	(36,730)
- Investment Properties	-	(1,427,482)	-	-	-	(1,427,482)
- Non-current assets classified as held for sale	-	-	-	-	(4,963,823)	(4,963,823)
- Property, plant and equipment	(3,311)	(1,422)	-	(59)	(354,852)	(359,644)
Provision for staff economic compensation written back	-	-	-	(3,475,201)	-	(3,475,201)
Reversal of allowance for impairment losses on receivable	-	-	-	(1,522)	-	(1,522)
Unrealised gain on foreign exchange	-	-	(2,110,900)	(165,819)	-	(2,276,719)
Waiver of debts	-	-	-	-	(7)	(7)

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

## 42. SEGMENT INFORMATION (CONT'D)

### Segment results (cont'd)

	Property Development RM	Construction RM	Management and Investment RM	Motor Racing Circuit RM	Trading and Others RM	Total RM
<b>2015</b>						
<b>Revenue</b>						
Sales	577,128,068	255,500,138	154,732,126	22,469,122	32,085,624	1,041,915,078
Less: Inter-segment sales	-	(188,186,383)	(154,732,126)	-	(18,700,708)	(361,619,217)
Total revenue	577,128,068	67,313,755	-	22,469,122	13,384,916	680,295,861
<b>Financial results</b>						
Segment results	107,703,771	18,393,785	1,828,522	(13,719,992)	(3,247,683)	110,958,403
Interest income	4,542,421	2,390	12,688,511	109,108	-	17,342,430
Finance costs	(9,967,697)	(1,423,503)	(9,220,057)	(1,220,294)	-	(21,831,551)
Share of profit/(loss) in associated companies	-	2,008,625	-	-	357,013	2,365,638
Profit/(Loss) before taxation	102,278,495	18,981,297	5,296,976	(14,831,178)	(2,890,670)	108,834,920
Taxation	(32,566,509)	(4,947,591)	(2,387,634)	1,661,595	(98,796)	(38,338,935)
Net profit/(loss) for the financial year	69,711,986	14,033,706	2,909,342	(13,169,583)	(2,989,466)	70,495,985
<b>Assets</b>						
Additional investment in associated companies	50,000	45,000	1,129,065	-	-	1,224,065
Additions to non- current assets	235,139,402	8,027,962	9,682,872	2,623,525	2,454,425	257,928,186
Segment assets	1,675,463,888	105,687,349	386,431,503	245,430,306	8,582,058	2,421,595,104
<b>Other non-cash expenses</b>						
Allowance for impairment losses on:						
- Other investment	-	-	-	-	100,000	100,000
- Goodwill arising on consolidation	2,926,366	-	-	-	-	2,926,366
- Investment in an associated company	-	-	3,578,431	-	-	3,578,431
Bad debts written off	29,263	-	-	-	-	29,263

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

## 42. SEGMENT INFORMATION (CONT'D)

### Segment results (cont'd)

	Property Development RM	Construction RM	Management and Investment RM	Motor Racing Circuit RM	Trading and Others RM	Total RM
<b>2015</b>						
<b>Other non-cash expenses (cont'd)</b>						
Depreciation of:						
- Investment properties	276,945	441,081	39,528	-	-	757,554
- Property, plant and equipment	1,606,025	1,400,373	106	14,155,849	384,358	17,546,711
Inventories written down	36,400	-	-	-	-	36,400
Loss on disposal of Property, plant and equipment	288,434	17,396	-	-	-	305,830
Property, plant and equipment written off	12,757	45,186	-	21,003	-	78,946
Share-based payment	-	-	3,140,028	-	-	3,140,028
Unrealised loss on foreign exchange	-	-	1,873,693	-	-	1,873,693
<b>Other non-cash income</b>						
Fair value gain on revaluation of financial assets at fair value through profit or loss	-	-	(25,554)	-	-	(25,554)
Interest income from financial assets measured at amortised cost	-	-	(12,234,392)	-	-	(12,234,392)
Gain on disposal of:						
- Available-for-sale financial assets	-	-	(588,190)	-	-	(588,190)
- Financial assets at fair value through profit or loss	(153,441)	-	(180,316)	-	-	(333,757)
Reversal of allowance for impairment losses on receivables	(12,718)	-	-	-	-	(12,718)
Unrealised gain on foreign exchange	(1,609)	-	-	(30,453)	-	(32,062)
Waiver of debts	(14,300)	-	-	-	-	(14,300)

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

## 43. FINANCIAL INSTRUMENTS

### (a) Classification of financial instruments

Financial assets and financial liabilities are measured on an ongoing basis either at fair value or at amortised cost. The principal accounting policies in Note 3 describe how the classes of financial instruments are measured, and how income and expense, including fair value gains and losses, are recognised.

The following table analyses the financial assets and liabilities in the statements of financial position by the class of financial instruments to which they are assigned, and therefore by the measurement basis:

	Carrying amount RM	Loans and receivables RM	Available- for-sale RM	Held-to- maturity RM	Fair value through profit or loss RM
<b>Group 2016</b>					
<b>Financial Assets</b>					
Trade receivables	315,463,599	315,463,599	-	-	-
Other receivables	72,025,925	72,025,925	-	-	-
Other investments	98,801,419	-	98,801,419	-	-
Fixed deposits with licensed banks	49,079,352	49,079,352	-	-	-
Cash held under Housing Development Accounts	74,387,290	74,387,290	-	-	-
Cash and bank balances	107,332,047	107,332,047	-	-	-
Total undiscounted financial assets	717,089,632	618,288,213	98,801,419	-	-
<b>2015</b>					
<b>Financial Assets</b>					
Trade receivables	196,123,831	196,123,831	-	-	-
Other receivables	45,520,204	45,520,204	-	-	-
Promissory note	206,022,628	-	-	206,022,628	-
Other investments	132,323,291	-	93,835,130	-	38,488,161
Fixed deposits with licensed banks	33,471,075	33,471,075	-	-	-
Cash held under Housing Development Accounts	87,735,381	87,735,381	-	-	-
Cash and bank balances	106,385,800	106,385,800	-	-	-
Total undiscounted financial assets	807,582,210	469,236,291	93,835,130	206,022,628	38,488,161



## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

### 43. FINANCIAL INSTRUMENTS (CONT'D)

(a) Classification of financial instruments (cont'd)

	Carrying amount RM	Financial liabilities measured at amortised cost RM
<b>Group</b>		
<b>2016</b>		
<b>Financial Liabilities</b>		
Trade payables	562,514,823	562,514,823
Other payables	373,279,812	373,279,812
Finance lease payables	6,234,432	6,234,432
Bank borrowings and overdrafts	610,590,997	610,590,997
Total undiscounted financial liabilities	1,552,620,064	1,552,620,064

<b>2015</b>		
<b>Financial Liabilities</b>		
Trade payables	409,555,650	409,555,650
Other payables	337,530,939	337,530,939
Finance lease payables	6,799,952	6,799,952
Bank borrowings and overdrafts	561,370,855	561,370,855
Total undiscounted financial liabilities	1,315,257,396	1,315,257,396

	Carrying amount RM	Loans and receivables RM	Fair value through profit or loss RM
<b>Company</b>			
<b>2016</b>			
<b>Financial Assets</b>			
Other receivables	340,736	340,736	-
Amount owing by subsidiary companies	186,165,269	186,165,269	-
Fixed deposits with licensed banks	31,442,414	31,442,414	-
Cash and bank balances	23,577,418	23,577,418	-
Total undiscounted financial assets	241,525,837	241,525,837	-

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

## 43. FINANCIAL INSTRUMENTS (CONT'D)

(a) Classification of financial instruments (cont'd)

	Carrying amount RM	Loans and receivables RM	Fair value through profit or loss RM
<b>Company</b>			
<b>2015</b>			
<b>Financial Assets</b>			
Other receivables	3,318,220	3,318,220	-
Other investments	11,029,697	-	11,029,697
Amount owing by subsidiary companies	256,720,778	256,720,778	-
Fixed deposits with licensed banks	15,670,959	15,670,959	-
Cash and bank balances	4,739,917	4,739,917	-
Total undiscounted financial assets	291,479,571	280,449,874	11,029,697
<b>Company</b>			
<b>2016</b>			
<b>Financial Liabilities</b>			
Other payables		14,436,686	14,436,686
Amount owing to subsidiary companies		64,648,050	64,648,050
Bank borrowings and overdrafts		118,620,192	118,620,192
Total undiscounted financial liabilities		197,704,928	197,704,928
<b>2015</b>			
<b>Financial Liabilities</b>			
Other payables		33,471,401	33,471,401
Amount owing to subsidiary companies		56,978,008	56,978,008
Bank borrowings and overdrafts		89,475,267	89,475,267
Total undiscounted financial liabilities		179,924,676	179,924,676



## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

### 43. FINANCIAL INSTRUMENTS (CONT'D)

#### (b) Financial risk management objectives and policies

The Group's and the Company's financial risk management policy is to ensure that adequate financial resources are available for the development of the Group's and of the Company's operations whilst managing its financial risks, including foreign currency exchange risk, interest rate risk, credit risk, liquidity risk and cash flows risk. The Group and the Company operate within clearly defined guidelines that are approved by the Board and the Group's and the Company's policy is not to engage in speculative transactions.

The Group and the Company have exposure to the following risks from its use of financial instruments:

#### (i) Credit risk

Credit risk is the risk of a financial loss to the Group and to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Group's and the Company's exposure to credit risk arises principally from its trade and other receivables, fixed deposits with licensed banks, cash held under Housing Development Accounts and cash at bank. Fixed deposits with licensed banks, cash held under Housing Development Account and cash at banks are placed with financial institutions with good credit rating.

The Group and the Company have adopted a policy of only dealing with creditworthy counterparties. Receivables are monitored on an ongoing basis via the Company's management reporting procedures and action will be taken for long outstanding debts. Majority of the receivables are from property development segment. The credit risk is limited as the property purchasers were using financing from reputable end-financiers, legal title to the properties revert to the Group in the event of default.

The Company provides unsecured loans and advances to subsidiary companies. It also provides unsecured financial guarantees to banks for banking facilities granted to certain subsidiary companies. The Company monitors on an ongoing basis the results of the subsidiary companies and repayments made by the subsidiary companies.

The carrying amounts of the financial assets recorded on the statements of financial position at the end of the financial year represent the Group's and the Company's maximum exposure to credit risk except for financial guarantees provided to banks and non-financial institutions granted to certain subsidiary companies. The Company's maximum exposure in this respect is RM621,806,058 (2015: RM591,096,133), representing the outstanding financial guarantees to the subsidiary companies as at the end of the reporting period. There was no indication that any subsidiary company would default on repayment as at the end of the reporting period.

The Group has no significant concentration of credit risk as its exposure spread over a large number of customers except for loans to its subsidiary companies where risks of default have been assessed to be low.

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

## 43. FINANCIAL INSTRUMENTS (CONT'D)

### (b) Financial risk management objectives and policies (cont'd)

#### (ii) Liquidity risk

Liquidity risk is the risk that the Group and the Company will not be able to meet its financial obligations as they fall due. The Group's and the Company's exposure to liquidity risk arises principally from mismatches of maturities of financial assets and liabilities.

The Group's and the Company's funding requirements and liquidity risks is managed with the objective of meeting business obligations on a timely basis. The Group and the Company monitor its cash flows and ensure that sufficient funding is in place to meet the obligations as and when they fall due.

The following table analyses the remaining contractual maturity for financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group and the Company can be required to pay. It is not expected that the cash flows included in the maturity analysis could occur significantly earlier, or at significantly different amounts.

	Carrying amount RM	Contractual cash flows RM	On demand or within 1 year RM	1 - 2 years RM	2 - 5 years RM	After 5 years RM
<b>Group 2016</b>						
Trade payables	562,514,823	562,514,823	314,376,329	34,100,000	36,623,535	177,414,959
Other payables	373,279,812	373,279,812	318,287,973	-	-	54,991,839
Finance lease payables	6,234,432	6,879,100	2,392,870	2,020,100	2,098,741	367,389
Bank borrowings and overdrafts	610,590,997	704,471,425	330,693,374	123,954,922	188,689,004	61,134,125
	1,552,620,064	1,647,145,160	965,750,546	160,075,022	227,411,280	293,908,312
<b>2015</b>						
Trade payables	409,555,650	409,555,650	315,942,280	15,000,000	15,000,000	63,613,370
Other payables	337,530,939	337,530,939	281,302,004	-	-	56,228,935
Finance lease payables	6,799,952	7,665,457	2,043,833	1,919,254	2,956,438	745,932
Bank borrowings and overdrafts	561,370,855	624,695,549	303,405,240	108,879,809	160,503,593	51,906,907
	1,315,257,396	1,379,447,595	902,693,357	125,799,063	178,460,031	172,495,144

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

### 43. FINANCIAL INSTRUMENTS (CONT'D)

(b) Financial risk management objectives and policies (cont'd)

(ii) Liquidity risk (cont'd)

	Carrying amount RM	Contractual cash flows RM	On demand or within 1 year RM	1 - 2 years RM	2 - 5 years RM	After 5 years RM
<b>Company 2016</b>						
Other payables	14,436,686	14,436,688	14,436,688	-	-	-
Amount owing to a subsidiary company	64,648,050	64,648,050	2,236,183	62,411,867	-	-
Bank borrowings and overdrafts	118,620,192	124,590,772	103,914,456	20,676,316	-	-
	197,704,928	203,675,510	120,587,327	83,088,183	-	-
<b>2015</b>						
Other payables	33,471,401	33,471,401	33,471,401	-	-	-
Amount owing to subsidiary companies	56,978,008	56,978,008	56,978,008	-	-	-
Bank borrowings and overdrafts	89,475,267	95,273,081	75,359,090	10,508,091	9,405,900	-
	179,924,676	185,722,490	165,808,499	10,508,091	9,405,900	-

(iii) Market risk

#### Foreign currency exchange risk

The Group is exposed to foreign currency risk on transactions that are denominated in currencies other than the respective functional currencies of the Group entities. The currencies giving rise to this risk are primarily United States Dollar ("USD"), Hong Kong Dollar ("HKD"), Euro and Chinese Renminbi ("RMB").

The Group has not entered into any derivative instruments for hedging or trading purposes. Where possible, the Group will apply natural hedging by selling and purchasing in the same currency. However, the exposure to foreign currency risk is monitored from time to time by the management.

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

## 43. FINANCIAL INSTRUMENTS (CONT'D)

(b) Financial risk management objectives and policies (cont'd)

(iii) Market risk (cont'd)

### Foreign currency exchange risk (cont'd)

The carrying amounts of the Group's foreign currency denominated financial assets and financial liabilities that are exposed to foreign currency exchange risk at the end of the reporting period are as follows:

	USD RM	HKD RM	EURO RM	RMB RM	Total RM
<b>Group 2016</b>					
<b>Financial Assets</b>					
Other receivables	-	3,760	-	-	3,760
Fixed deposits with licensed banks	4,559,375	-	-	82,953	4,642,328
Cash and bank balances	1,443,981	661,072	1,318,521	259,139	3,682,713
	6,003,356	664,832	1,318,521	342,092	8,328,801
<b>Financial Liabilities</b>					
Trade payables	320,232	-	-	-	320,232
Other payables	-	225,245	-	-	225,245
Bank borrowings	7,087,880	-	-	-	7,087,880
	7,408,112	225,245	-	-	7,633,357
<b>2015</b>					
<b>Financial Assets</b>					
Other receivables	-	14,947	-	-	14,947
Fixed deposits with licensed banks	4,330,502	-	-	83,521	4,414,023
Cash and bank balances	712,536	513,882	1,320,065	312,325	2,858,808
	5,043,038	528,829	1,320,065	395,846	7,287,778
<b>Financial Liabilities</b>					
Trade payables	306,507	-	-	-	306,507
Bank borrowings	15,542,470	-	-	-	15,542,470
	15,848,977	-	-	-	15,848,977

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

## 43. FINANCIAL INSTRUMENTS (CONT'D)

(b) Financial risk management objectives and policies (cont'd)

(iii) Market risk (cont'd)

### Foreign currency exchange risk (cont'd)

	USD RM	HKD RM	EURO RM	RMB RM	Total RM
<b>Company</b>					
<b>2016</b>					
<b>Financial Assets</b>					
Fixed deposits with licensed banks	4,559,375	-	-	-	4,559,375
Cash and bank balances	677,448	111,749	-	-	789,197
	5,236,823	111,749	-	-	5,348,572
<b>Financial Liabilities</b>					
Bank borrowings	7,087,880	-	-	-	7,087,880
<b>2015</b>					
<b>Financial Assets</b>					
Fixed deposits with licensed banks	4,330,502	-	-	-	4,330,502
Cash and bank balances	648,378	107,162	-	-	755,540
	4,978,880	107,162	-	-	5,086,042
<b>Financial Liabilities</b>					
Bank borrowings	15,542,470	-	-	-	15,542,470

### Foreign currency risk sensitivity

Foreign currency risk arises from Group entities which have a RM functional currency. The exposure to currency risk of Group entities which do not have a RM functional currency is not material and hence, sensitivity analysis is not presented.

A 10% strengthening of Ringgit Malaysia against the following foreign currencies' net financial assets/(liabilities) at the end of the reporting period would increase/(decrease) the profit before taxation and other comprehensive income by the amounts shown below. This analysis assumes that all other variables remain unchanged.

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

## 43. FINANCIAL INSTRUMENTS (CONT'D)

(b) Financial risk management objectives and policies (cont'd)

(iii) Market risk (cont'd)

Foreign currency risk sensitivity (cont'd)

	USD RM	HKD RM	EURO RM	RMB RM
<b>Group</b>				
<b>2016</b>				
Profit before taxation and other comprehensive income	(140,476)	43,959	131,852	34,209
<b>2015</b>				
Profit before taxation and other comprehensive income	(1,080,594)	52,883	132,007	39,585
<b>Company</b>				
<b>2016</b>				
Profit before taxation and other comprehensive income	(185,106)	11,175	-	-
<b>2015</b>				
Profit before taxation and other comprehensive income	(1,056,359)	10,716	-	-

A 10% weakening of Ringgit Malaysia against the above foreign currencies' net financial assets/(liabilities) at the end of the reporting period would have had the equal but opposite effect on the above currencies to the amounts shown above, on the basis that all other variables remain unchanged.

Interest rate risk

The Group's and the Company's fixed rate deposits placed with licensed banks and borrowings are exposed to a risk of change in their fair value due to changes in interest rates. The Group's and the Company's variable rate borrowings are exposed to a risk of change in cash flows due to changes in interest rates.



# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

## 43. FINANCIAL INSTRUMENTS (CONT'D)

(b) Financial risk management objectives and policies (cont'd)

(iii) Market risk (cont'd)

### Interest rate risk (cont'd)

The Group manages the interest rate risk of its deposits with licensed financial institutions by placing them at the most competitive interest rates obtainable, which yield better returns than cash at bank and maintaining a prudent mix of short and long term deposits.

The Group manages its interest rate risk exposure from interest bearing borrowings by obtaining financing with the most favourable interest rates in the market. The Group constantly monitors its interest rate risk by reviewing its debts portfolio to ensure favourable rates are obtained. The Group does not utilise interest swap contracts or other derivative instruments for trading or speculative purposes. The carrying amounts of the Group's and of the Company's financial instruments that are exposed to interest rate risk at the end of the reporting period are as follows:

	<b>Group</b>		<b>Company</b>	
	<b>2016 RM</b>	<b>2015 RM</b>	<b>2016 RM</b>	<b>2015 RM</b>
<b>Fixed Rate Instruments</b>				
<b>Financial Asset</b>				
Fixed deposits with licensed banks	49,079,352	33,471,075	31,442,414	15,670,959
<b>Financial Liabilities</b>				
Finance lease payables	6,234,432	6,799,952	-	-
<b>Floating Rate Instruments</b>				
<b>Financial Assets</b>				
Cash Held under Housing Development Accounts	74,387,290	87,735,381	-	-
Cash and bank balances	9,878,803	9,114,119	703,731	724,614
Amount owing by subsidiary companies	-	-	185,815,664	252,653,104
<b>Financial Liabilities</b>				
Bank borrowings and overdrafts	610,590,997	561,370,855	118,620,192	89,475,267
Amount owing to subsidiary companies	-	-	62,411,867	56,946,384

The Group and the Company are exposed to interest rate risk arising from the Group's and the Company's financial instruments.

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

### 43. FINANCIAL INSTRUMENTS (CONT'D)

(b) Financial risk management objectives and policies (cont'd)

(iii) Market risk (cont'd)

Interest rate risk sensitivity

The Group and the Company do not account for any fixed rate financial assets and liabilities at fair value through profit or loss. Therefore, a change in interest rates at the end of the reporting period would not affect profit or loss.

A change in 1% interest rate at the end of the reporting period would have increased or decreased the Group's and the Company's profit before taxation by RM5,263,249 and RM54,873 (2015: RM4,645,214 and RM1,069,561) respectively, arising mainly as a result of lower or higher interest expense on floating rate financial assets and financial liabilities. This analysis assumes that all other variables remain constant. The assumed movement in basis points for interest rate sensitivity analysis is based on the currently observable market environment.

(c) Fair value of financial instruments

The carrying amounts of short term receivables and payables, cash and cash equivalents and short term borrowings approximate their fair value due to the relatively short term nature of these financial instruments and insignificant impact of discounting.

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

## 43. FINANCIAL INSTRUMENTS (CONT'D)

### (c) Fair value of financial instruments (cont'd)

The table below analyses the fixed rate non-current financial instruments carried at fair value and those not carried at fair value for which fair value is disclosed, together with their fair values and carrying amounts shown in the statements of financial position.

	Fair value of financial instruments carried at fair value				Fair value of financial instruments not carried at fair value				Total fair value	Carrying amount
	Level 1 RM	Level 2 RM	Level 3 RM	Total RM	Level 1 RM	Level 2 RM	Level 3 RM	Total RM	RM	RM
<b>Group</b>										
<b>2016</b>										
<b>Financial asset</b>										
Equity securities	98,801,419	-	-	98,801,419	-	-	-	-	98,801,419	98,801,419
	98,801,419	-	-	98,801,419	-	-	-	-	98,801,419	98,801,419
<b>Financial liabilities</b>										
Trade payables	-	-	-	-	-	-	248,138,494	248,138,494	248,138,494	248,138,494
Other payables	-	-	-	-	-	-	54,991,839	54,991,839	54,991,839	54,991,839
Finance lease payables	-	-	-	-	-	-	3,769,272	3,769,272	3,769,272	4,126,928
Contingent liabilities	-	-	-	-	-	-	@	-	-	48,025,156
	-	-	-	-	-	-	306,899,605	306,899,605	306,899,605	355,282,417
<b>Company</b>										
<b>Financial liabilities</b>										
Contingent liabilities	-	-	-	-	-	-	@	-	-	668,543,854

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

## 43. FINANCIAL INSTRUMENTS (CONT'D)

(c) Fair value of financial instruments (cont'd)

	Fair value of financial instruments carried at fair value				Fair value of financial instruments not carried at fair value				Total fair value	Carrying amount
	Level 1 RM	Level 2 RM	Level 3 RM	Total RM	Level 1 RM	Level 2 RM	Level 3 RM	Total RM	RM	RM
<b>Group</b>										
<b>2015</b>										
<b>Financial assets</b>										
Over-the counter trust funds	38,488,161	-	-	38,488,161	-	-	-	-	38,488,161	38,488,161
Promissory note	-	-	-	-	-	-	100,498,924	100,498,924	100,498,924	100,498,924
Equity securities	93,835,130	-	-	93,835,130	-	-	-	-	93,835,130	93,835,130
	132,323,291	-	-	132,323,291	-	-	100,498,924	100,498,924	232,822,215	232,822,215
<b>Financial liabilities</b>										
Trade payables	-	-	-	-	-	-	93,613,370	93,613,370	93,613,370	93,613,370
Other payables	-	-	-	-	-	-	56,228,935	56,228,935	56,228,935	56,228,935
Finance lease payables	-	-	-	-	-	-	4,515,949	4,515,949	4,515,949	5,099,292
Contingent liabilities	-	-	-	-	-	-	@	-	-	15,047,932
	-	-	-	-	-	-	154,358,254	154,358,254	154,358,254	169,989,529
<b>Company</b>										
<b>Financial asset</b>										
Over-the counter trust funds	11,029,697	-	-	11,029,697	-	-	-	-	11,029,697	11,029,697
<b>Financial liabilities</b>										
Contingent liabilities	-	-	-	-	-	-	@	-	-	605,238,965
	-	-	-	-	-	-	-	-	-	605,238,965

@ It is not practicable to estimate the fair value of contingent liabilities reliably due to the uncertainties of timing, cost and eventual outcome.



# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

## 43. FINANCIAL INSTRUMENTS (CONT'D)

### (c) Fair value of financial instruments (cont'd)

#### (i) Policy on transfer between levels

The fair value of an asset to be transferred between levels is determined as of the date of the event or change in circumstances that caused the transfer.

There were no transfers between levels during current and previous financial years.

#### (ii) Level 1 fair value

Level 1 fair value is derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.

#### (iii) Level 2 fair value

Level 2 fair value is estimated using inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

#### (iv) Level 3 fair value

Level 3 fair value for the financial assets and liabilities are estimated using unobservable inputs.

## 44. CAPITAL MANAGEMENT

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

## 44. CAPITAL MANAGEMENT (CONT'D)

The Group monitors capital using a gearing ratio. The Group's policy is to maintain a prudent level of gearing ratio that complies with debt covenants and regulatory requirements. The gearing ratios at the end of the reporting period are as follows:

	<b>Group</b>		<b>Company</b>	
	<b>2016 RM</b>	<b>2015 RM</b>	<b>2016 RM</b>	<b>2015 RM</b>
<b>Debt</b>				
Finance lease payables	6,234,432	6,799,952	-	-
Bank borrowings and overdrafts	610,590,997	561,370,855	118,620,192	89,475,267
<b>Total debt</b>	<b>616,825,429</b>	<b>568,170,807</b>	<b>118,620,192</b>	<b>89,475,267</b>
<b>Deposits, cash and bank balances</b>				
Fixed deposits with licensed banks	49,079,352	33,471,075	31,442,414	15,670,959
Cash and bank balances	107,332,047	106,385,800	23,577,418	4,739,917
Cash held under Housing Development Accounts	74,387,290	87,735,381	-	-
<b>Total deposits, cash and bank balances</b>	<b>230,798,689</b>	<b>227,592,256</b>	<b>55,019,832</b>	<b>20,410,876</b>
<b>Net debt</b>	<b>386,026,740</b>	<b>340,578,551</b>	<b>63,600,360</b>	<b>69,064,391</b>
<b>Total equity</b>	<b>1,207,023,564</b>	<b>1,012,372,699</b>	<b>658,662,383</b>	<b>512,387,017</b>
<b>Gross gearing ratio</b>	<b>0.51</b>	<b>0.56</b>	<b>0.18</b>	<b>0.17</b>
<b>Net gearing ratio</b>	<b>0.32</b>	<b>0.34</b>	<b>0.10</b>	<b>0.13</b>

There were no changes in the Group's approach to capital management during the financial year.

The Group maintains a debt to equity ratio that complies with debt covenant and regulatory requirements in countries where the Group operates. This includes minimum capital requirements and the requirements to maintain legal reserves which are non-distributable.



# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

## 45. SIGNIFICANT EVENTS

On 14 September 2016, MGB has acquired MITCE for a purchase consideration of RM300,000,000 from MITC, an indirect subsidiary company of the Company and Datuk Lim Lit Check. Consequently, MITCE became a wholly-owned subsidiary company of MGB.

The purchase consideration shall be satisfied by MGB in the following manner:

- (a) MGB granting the right of allotment at the issue price of RM0.67 for each consideration ordinary share to MITC and Datuk Lim Lit Check at 200,820,896 and 66,940,298 units of ordinary shares respectively.
- (b) MGB effecting the allotment and issuance of the consideration Irredeemable Convertible Preference Shares ("ICPS") at the issue price of RM0.67 each to MITC and Datuk Lim Lit Check at 135,000,000 and 45,000,000 units of ICPS respectively.

## 46. SUBSEQUENT EVENTS

Subsequent to the financial year, the following subsequent events took place for the Company and its subsidiary companies:

- (a) On 2 January 2017, LBS acquired 1,748,060 ordinary shares of RM1.00 each representing 60% equity interest in Healthguard Medicare Sdn. Bhd. ("HMSB") for a total cash consideration of RM1.00 only. Consequently, HMSB became a 60% owned subsidiary company of LBS.
- (b) On 21 February 2017, ML Global Berhad ("MGB") subscribed for 51 ordinary shares of RM1.00 each in Alunan Warta Sdn. Bhd. ("AWSB") for a total cash consideration of RM51 only. Consequently, AWSB became a 51% owned subsidiary company of MGB.
- (c) On 3 March 2017, Vintage Tiles Industries (EM) Sdn. Bhd. ("VTISB"), a wholly owned subsidiary company of MGB, acquired 2 ordinary shares of RM1.00 each in Delta Gallery Sdn. Bhd. ("DGSB") for a total cash consideration of RM2 only. Consequently, DGSB became a wholly-owned subsidiary company of VTISB.

On 22 March 2017, DGSB has increased its paid up share capital from 2 to 250,000 ordinary shares. VTISB has subscribed for an additional of 249,998 ordinary shares in DGSB by way of cash.

- (d) On 7 March 2017, Biz Bena Development Sdn. Bhd. ("BBDSB"), an associated company of PHSB, increased its paid up share capital from 500,000 to 520,000 ordinary shares of RM1.00 each. PHSB subscribed additional 20,000 ordinary shares of RM1.00 each in BBDSB for a total cash consideration of RM20,000. Consequently, BBDSB became a 51.92% owned subsidiary company of PHSB.
- (e) On 9 March 2017, RHB Investment Bank Berhad ("RHBIB"), on behalf of the Company announced that the Company proposes to undertake the followings:
  - (i) a renounceable rights issue of up to 150,598,126 new Redeemable Convertible Preference Shares ("RCPS") on the basis of 1 RCPS for every 5 existing Company's shares held on the Entitlement Date ("Proposed Rights issue"); and
  - (ii) amendments to the Constitution of the Company.

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

## 46. SUBSEQUENT EVENTS (CONT'D)

Subsequent to the financial year, the following subsequent events took place for the Company and its subsidiary companies: (cont'd)

- (f) On 14 March 2017, LBS acquired 150,000 ordinary shares of RM1.00 each representing 30% equity interest in Bimbingan Sumber Sdn. Bhd. ("BSSB") for a total cash consideration of RM150,000 only. Consequently, BSSB became a 60% owned subsidiary company of LBS.
- (g) On 16 March 2017, LBS disposed of its 100,000 ordinary shares of RM1.00 each representing the entire equity interest of its wholly-owned subsidiary company, Saga Serata Sdn. Bhd. ("SSSB"), for a total cash consideration of RM100,000 only.
- (h) From 1 January 2017 to 31 March 2017, the Company issued and allotted 1,989,600 share options under ESOS which were granted at the subscription price ranges from RM1.51 to RM1.71 each to the eligible employees under the Forty-Fourth Grant to Forty-Sixth Grant of the ESOS.
- (i) From 1 January 2017 to 31 March 2017, a total of 6,520,200 Warrants A and 6,191,375 Warrants B were exercised at RM1.00 and RM1.25 respectively.

## 47. MATERIAL LITIGATION

As at the date of this report, there is no material litigation against the Company and its subsidiary companies.

## 48. CAPITAL COMMITMENTS

	2016 RM	Group 2015 RM
Approved and contracted for property development:		
- Joint Venture Agreements	544,888,648	385,360,338
- Sale and Purchase Agreements	50,444,984	146,108,200
Approved and contracted for plant, property and equipment:		
- Sale and Purchase Agreements	528,000	-
	595,861,632	531,468,538



## NOTES TO THE FINANCIAL STATEMENTS

(CONT'D)

### 49. CONTINGENT LIABILITIES

	Group		Company	
	2016 RM	2015 RM	2016 RM	2015 RM
<u>Unsecured :</u>				
Corporate guarantees given to :				
- licensed banks to secure banking facilities granted to subsidiary companies	-	-	520,958,548	486,038,423
- the suppliers of goods for credit terms/ facilities granted to subsidiary companies	-	-	4,000,000	906,572
- venture partners for undertaking due performance in relation to joint venture agreements	-	-	143,585,306	118,293,970
<u>Secured :</u>				
Bank guarantees for:				
- property development	41,381,066	15,047,932	-	-
- construction contracts	6,644,090	-	-	-

The Company participated in the Regularisation Plan of MGB and guaranteed that in the event that MGB fails to achieve audited operational profit after taxation of Ringgit Malaysia Six Million ("Guaranteed Profit") for each of the two (2) consecutive financial years following the successful implementation of the Regularisation Plan, the Company shall be liable to one half (50%) of the difference between the Guaranteed Profit and audited operational profit after taxation ("Differential Sum").

For the current financial year, the Company has made a provision of RM1,021,006 (2015: RM365,606) based on the audited results of MGB for the financial year ended 31 December 2016, being one half (50%) of the Differential Sum.

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

## 50. LIST OF SUBSIDIARY COMPANIES

Name of company	Country of incorporation	Effective interest		Principal activities
		2016 %	2015 %	
Direct holding				
Intellplace Holdings Limited	British Virgin Islands	100	100	Investment holding
LBS Bina Holdings Sdn. Bhd.	Malaysia	100	100	Property development and investment holding
LBS Landscape Sdn. Bhd.	Malaysia	100	100	Turfing and landscape contracting
Linkway Property Co., Ltd	British Virgin Islands	100	100	Dormant
Maju Kepunyaan Sdn. Bhd.	Malaysia	100	100	Dormant
ML Global Berhad	Malaysia	56.43	-	Investment holding and provision of management services to its subsidiary companies
Saga Serata Sdn. Bhd.	Malaysia	100	100	Insurance agent and investment holding
SPJ Construction Sdn. Bhd.	Malaysia	60	60	Dormant
Indirect holding				
Subsidiary companies of				
LBS Bina Holdings Sdn. Bhd.:				
Adil Restu Sdn. Bhd.	Malaysia	100	100	Property development
Alunan Prestasi Sdn. Bhd.	Malaysia	70	70	Property development
Angsana Abadi Sdn. Bhd.	Malaysia	100	100	Property development
Astana Modal (M) Sdn. Bhd.	Malaysia	100	100	Property development
Azam Perspektif Sdn. Bhd.	Malaysia	100	100	Property development
Casa Inspirasi Sdn. Bhd.	Malaysia	68	58	Property development
Cergas Asal (M) Sdn. Bhd.	Malaysia	100	100	Property development
Dataran Enigma Sdn. Bhd.	Malaysia	61	61	Property development
Equal Alliance Sdn. Bhd.	Malaysia	100	100	Property development
Equal Sign Sdn. Bhd.	Malaysia	100	100	Property development
Focal Remedy Sdn. Bhd.	Malaysia	100	100	Property development
Fokus Awana Sdn. Bhd.	Malaysia	100	100	Property development
Galeri Cekap Sdn. Bhd.	Malaysia	100	100	Dormant
Generasi Nostalgia Sdn. Bhd.	Malaysia	100	100	Property development
Generasi Simbolik Sdn. Bhd.	Malaysia	71	71	Property development
Getstyle Sdn. Bhd.	Malaysia	100	100	Property development
Inderaloka Impian Sdn. Bhd.	Malaysia	100	100	Property development
Induk Pelita Sdn. Bhd.	Malaysia	51	-	Dormant
Intellview Sdn. Bhd.	Malaysia	100	100	Property development
Iringan Kejora Sdn. Bhd.	Malaysia	80	80	Property development
Jatidiri Giqih Sdn. Bhd.	Malaysia	100	100	Property development

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

## 50. LIST OF SUBSIDIARY COMPANIES (CONT'D)

Name of company	Country of incorporation	Effective interest		Principal activities
		2016 %	2015 %	
<b>Indirect holding</b>				
Subsidiary companies of				
LBS Bina Holdings Sdn. Bhd.:				
Jauhari Unggul Sdn. Bhd.	Malaysia	100	100	Property development
Johan Anggun Sdn. Bhd.	Malaysia	85	85	Property development
Kalimah Jaya Sdn. Bhd.	Malaysia	100	100	Investment holding
Kilatlima Sdn. Bhd.	Malaysia	100	100	Property development, operation and maintenance of carpark
Kemudi Ehsan Sdn. Bhd.	Malaysia	51	-	Property development
Koleksi Sigma Sdn. Bhd.	Malaysia	75	75	Property development
LBS Capital Sdn. Bhd.	Malaysia	100	100	Provision of finance through money lending
LBS Maju Sdn. Bhd.	Malaysia	70	70	Dormant
LBS Properties Sdn. Bhd.	Malaysia	100	100	Property investment holding
Maju Kamabisa Sdn. Bhd.	Malaysia	100	100	Provision of project management services
Mayang Jelatek Sdn. Bhd.	Malaysia	51	51	Property development
Megah Solaris Sdn. Bhd.	Malaysia	55	55	Dormant
Misi Aktif Sdn. Bhd.	Malaysia	100	100	Property development
MITC Sdn. Bhd.	Malaysia	100	100	Property development and investment holding
Nuevo Attraction & Destination Destination Sdn. Bhd.	Malaysia	60	-	Tourism development and investment holding
Nuevoprima Development Sdn. Bhd.	Malaysia	100	-	Dormant
Pelangi Homes Sdn. Bhd.	Malaysia	100	100	Property development and investment holding
Pembangunan Primer Sdn. Bhd.	Malaysia	80	80	Property development
Prima Utuh Sdn. Bhd.	Malaysia	80	80	Dormant
Puncak Gama Sdn. Bhd.	Malaysia	80	51	Property development
Saga Megah Sdn. Bhd.	Malaysia	100	100	Trading of building materials and general construction
Seloka Sinaran Sdn. Bhd.	Malaysia	51	-	Property development
Sepadan Maju Sdn. Bhd.	Malaysia	90	90	Property development
Seribu Baiduri Sdn. Bhd.	Malaysia	100	100	Property development
Sinaran Restu Sdn. Bhd.	Malaysia	100	100	Property development and investment holding
Taman Sempurna Sdn. Bhd.	Malaysia	51	51	Dormant
Utuh Aspirasi Sdn. Bhd.	Malaysia	100	100	Property development
Wirama Era Baru Sdn. Bhd.	Malaysia	51	51	Property development

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

## 50. LIST OF SUBSIDIARY COMPANIES (CONT'D)

Name of company	Country of incorporation	Effective interest		Principal activities
		2016 %	2015 %	
Indirect holding				
Subsidiary companies of				
Sinaran Restu Sdn. Bhd.:				
Juaraplex Sdn. Bhd.	Malaysia	100	100	Property development
Kenderong Sdn. Bhd.	Malaysia	100	100	Property development
KerANJI Bina Sdn. Bhd.	Malaysia	100	100	Property development
Lingkar Semangat Sdn. Bhd.	Malaysia	100	100	Property development
Nilam Mewah Sdn. Bhd.	Malaysia	55	55	Dormant
Pacific Grant Sdn. Bhd.	Malaysia	100	100	Property development
Silibin Jaya Sdn. Bhd.	Malaysia	100	100	Property development
Subsidiary companies of				
MITC Sdn. Bhd.:				
MITC Engineering Sdn. Bhd.	Malaysia	-	75	Civil engineering, design and build, property development, trading activities and investment holding
Subsidiary company of				
Saga Serata Sdn. Bhd.:				
Healthguard Medicare Sdn. Bhd.	Malaysia	60	60	Selling of membership cards covering personal insurance
Subsidiary company of				
Kalimah Jaya Sdn. Bhd.:				
Utuh Sejagat Sdn. Bhd.	Malaysia	100	100	Property development
Subsidiary company of				
Pelangi Homes Sdn. Bhd.:				
Restu Bidara Sdn. Bhd.	Malaysia	100	-	Property development
Subsidiary companies of				
MITC Engineering Sdn. Bhd.:				
Nuevo Attraction & Destination Sdn. Bhd.	Malaysia	-	45	Tourism development and investment holding
Prisma Craft Sdn. Bhd.	Malaysia	56.43	75	Dormant
Prisma Kasturi Sdn. Bhd.	Malaysia	56.43	75	Investment holding
Restu Bidara Sdn. Bhd.	Malaysia	-	75	Property development
Top Ace Solutions Sdn. Bhd.	Malaysia	56.43	75	Trading of building materials and general construction

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

## 50. LIST OF SUBSIDIARY COMPANIES (CONT'D)

Name of company	Country of incorporation	Effective interest		Principal activities	
		2016 %	2015 %		
<b>Indirect holding</b>					
Subsidiary company of					
Nuevo Attraction & Destination Sdn. Bhd.:					
Nuevoprma Development Sdn. Bhd.	Malaysia	-	45	Dormant	
Subsidiary companies of					
ML Global Berhad:					
MITC Engineering Sdn. Bhd.	Malaysia	56.43	-	Civil engineering, design and build, property development, trading activities and investment holding	
Vintage Tiles Industries Sdn. Bhd.	Malaysia	56.43	-	Manufacturing and trading of roof tiles and general construction	
Vintage Tiles Industries (EM) Sdn. Bhd.	Malaysia	56.43	-	Dormant	
Vintage Roofing & Construction Sdn. Bhd.	Malaysia	56.43	-	Supply and laying of roof tiles, installation of roofing on a consignment basis, general construction and investment holding	
Newsteel Building Systems Sdn. Bhd.	Malaysia	45.14	-	Dormant	
Vintage Tiles Holdings Sdn . Bhd.	Malaysia	56.43	-	Dormant	
Subsidiary companies of					
Vintage Roofing & Construction Sdn. Bhd.:					
Tirai Impresif Sdn. Bhd.	Malaysia	56.43	-	Dormant	
VTI Consortium Sdn. Bhd.	Malaysia	56.43	-	Dormant	
Subsidiary company of					
Intellplace Holdings Limited:					
* Dragon Hill Corporation Limited	Hong Kong	100	100	Investment holding	
Subsidiary company of					
Dragon Hill Corporation Limited:					
* Lamdeal Investments Limited	Hong Kong	100	100	Project investment through a subsidiary company in The People’s Republic of China (“PRC”)	

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

## 50. LIST OF SUBSIDIARY COMPANIES (CONT'D)

Name of company	Country of incorporation	Effective interest		Principal activities
		2016 %	2015 %	
<b>Indirect holding</b>				
Subsidiary company of Lamdeal Investments Limited:				
* Zhuhai International Circuit Limited	PRC	60	60	Racing circuit development and management
Subsidiary company of Zhuhai Internationa Circuit Limited:				
* Zhuhai International Circuit Promotion (HK) Limited	Hong Kong	60	60	Provision of handling services for its holding company

\* Subsidiary companies not audited by UHY.

## 51. LIST OF ASSOCIATED COMPANIES

Name of company	Country of incorporation	Effective interest		Principal activities
		2016 %	2015 %	
<b>Direct holding</b>				
# ML Global Berhad	Malaysia	-	24.13	Investment holding and provision of management services to its subsidiary companies
<b>Indirect holding</b>				
Associated companies of				
LBS Bina Holdings Sdn. Bhd.:				
Bayu Cergas Sdn. Bhd.	Malaysia	40	40	Dormant
Bimbingan Sumber Sdn. Bhd.	Malaysia	30	30	Dormant
Pristine Sunrise (M) Sdn. Bhd.	Malaysia	30	30	Dormant
Sambungan Aktif Sdn. Bhd.	Malaysia	30	30	Dormant
Setara Armada Sdn. Bhd.	Malaysia	30	30	Dormant
Tarikan Puncak Sdn. Bhd.	Malaysia	20	20	Dormant
* Usaha Semarak Sdn. Bhd.	Malaysia	35	35	Dormant
Warnasari Idaman Sdn. Bhd.	Malaysia	30	30	Dormant
Associated company of				
Pelangi Homes Sdn. Bhd.:				
Biz Bena Development Sdn. Bhd.	Malaysia	50	50	Dormant

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

## 51. LIST OF ASSOCIATED COMPANIES (CONT'D)

Name of company	Country of incorporation	Effective interest		Principal activities
		2016 %	2015 %	
<b>Indirect holding</b>				
Associated company of				
MITC Engineering Sdn. Bhd.:				
* YLT Consultancy Sdn. Bhd.	Malaysia	16.93	22.50	Dormant

\* Subsidiary companies not audited by UHY.

# became subsidiary company during the financial year.

## 52. COMPARATIVE FIGURES

Certain comparatives figures were restated to conform with current financial year's presentation. There was no significant impact to the financial performance in relation to the financial year ended 31 December 2015.

	As previously stated RM	Reclassification RM	As restated RM
<b>Group</b>			
<b>Statements of Financial Position</b>			
<b>Non-Current Assets</b>			
Deferred tax assets	13,182,690	(13,182,690)	-
<b>Non-Current Liabilities</b>			
Deferred tax liabilities	45,454,291	(13,182,690)	32,271,601
<b>Statements of Profit or Loss and Other Comprehensive Income</b>			
Share of profits in associated companies	1,618,371	747,267	2,365,638
Profit before taxation	108,087,653	747,267	108,834,920
Taxation	(37,591,668)	(747,267)	(38,338,935)

## 53. DATE OF AUTHORISATION FOR ISSUE OF FINANCIAL STATEMENTS

The financial statements of the Group and of the Company for the financial year ended 31 December 2016 were authorised for issue in accordance with a resolution of the board of directors on 25 April 2017.

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

## 54. DISCLOSURE OF REALISED AND UNREALISED RETAINED PROFITS

The following analysis of realised and unrealised retained earnings/(accumulated losses) of the Group and of the Company as at the reporting date is presented in accordance with the directive issued by Bursa Malaysia Securities Berhad and prepared in accordance with the Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosures Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants.

The retained profits/(accumulated losses) of the Group and of the Company as at 31 December 2016 is analysed as follows:

	<b>Group</b>		<b>Company</b>	
	<b>2016 RM</b>	<b>2015 RM</b>	<b>2016 RM</b>	<b>2015 RM</b>
Total retained profits/(accumulated losses) of the Company and its subsidiary companies:				
- Realised	900,531,925	684,492,577	(64,583,604)	(87,268,425)
- Unrealised	28,935,489	9,362,499	(2,479,286)	(8,445,225)
	929,467,414	693,855,076	(67,062,890)	(95,713,650)
Total share of retained profits/(accumulated losses) from associated companies:				
- Realised	(561,826)	3,324,719	-	-
	928,905,588	697,179,795	(67,062,890)	(95,713,650)
Less: Consolidation adjustments	425,443,927	232,014,250	-	-
	503,461,661	465,165,545	(67,062,890)	(95,713,650)

The disclosure of realised and unrealised profits or losses above is solely for complying with the disclosure requirements stipulated in the directive of Bursa Malaysia Securities Berhad and should not be applied for any other purposes.



# LIST OF MAJOR PROPERTIES

HELD AS AT 31 DECEMBER 2016

Location	Description	Tenure	Net Book Value RM'000	Land Area (acres)	Date of Acquisition
Jinding, Zhuhai, The People's Republic of China	Leasehold land, buildings (Age: 17 years) and racing circuit	Land use right term (expiring on 23.10.2043)	193,050	263.34	02.10.2013
Lot 20952, 24962 & 24963, District of Johor Bahru, Johor Darul Takzim	Land held for development	Freehold and Leasehold (expiring on 01.11.2099)	129,366	5.47	30.04.2015 / 27.10.2015
Lot 62606, 62608, 62609, 72516 & 62614, Mukim Tanjung Duabelas, Daerah Kuala Langat, Selangor Darul Ehsan	Land under development and held for development	Leasehold (expiring on 05.02.2094 & 24.11.2114)	111,651	181.25	31.10.2012 / 08.03.2013 / 06.11.2015
Mukim Linau, Daerah Batu Pahat, Negeri Johor Darul Takzim	Land under development and held for development	Freehold	107,573	446.42	27.07.2007
Lot 13961, Mukim Dengkil, Daerah Sepang, Selangor Darul Ehsan	Land under development and held for development	Leasehold (expiring on 06.10.2108)	96,270	123.04	09.10.2009
PT 147901, Mukim Klang, HSD155027, Selangor Darul Ehsan	Land held for development	Leasehold (expiring on 24.02.2107)	76,334	47.13	31.10.2016
PT 3273-3279 & PT 3290, Mukim Tanah Rata, Cameron Highlands, Pahang Darul Makmur	Land held for development	Leasehold (expiring on 03.03.2115)	62,104	84.86	30.11.2016
Seksyen U10, Mukim Bukit Raja, Selangor Darul Ehsan	Land under development and held for development	Leasehold (expiring on 06.08.2107)	50,872	120	21.03.2016
PT 14809, Mukim Dengkil, Daerah Sepang, Selangor Darul Ehsan	Land under development	Leasehold (expiring on 09.08.2106)	33,856	100	24.03.2015
H.S.(D) 6283, 6284 & 6285, Mukim Kampar, Perak Darul Ridzuan	Land held for development	Leasehold (expiring on 10.02.2109)	27,690	84.83	31.07.2015

# ANALYSIS OF SHAREHOLDINGS

AS PER RECORD OF DEPOSITORY AS AT 29 MARCH 2017

## SHARE CAPITAL

Types of Shares	: Ordinary Shares
Issued shares capital	: 655,836,248 ordinary shares (excluding treasury shares of 60,000)
No. of Shareholders	: 5,363
Voting Rights	: One (1) vote per shareholder on a show of hands One (1) vote per ordinary share on a poll, in the meeting of shareholders

## DISTRIBUTION OF SHAREHOLDINGS

Size of Shareholdings			No. of Shareholders	Percentage (%) of Shareholders	No. of Shares Held	Percentage (%) of Shareholdings
1	-	99	134	2.498	4,821	0.000
100	-	1,000	1,871	34.887	734,350	0.111
1,001	-	10,000	2,228	41.543	11,243,157	1.714
10,001	-	100,000	840	15.662	28,780,806	4.388
100,001	-	32,791,811*	286	5.332	433,768,646	66.139
32,791,812		AND ABOVE **	4	0.074	181,304,468	27.644
			5,363	100.000	655,836,248	100.000

Remark:

\* less than 5% of Issued Shares

\*\* 5% and above of Issued Shares

## SUBSTANTIAL SHAREHOLDERS

Name of Shareholders	Direct No. of Share	%	Shareholdings		%
			Indirect No. of Share		
Gaterich Sdn Bhd	294,958,106	44.97	-		-
Tan Sri Lim Hock San	3,808,200	0.58	294,958,106 <sup>(1)</sup>		44.97
Datuk Wira Lim Hock Guan	7,868,360	1.20	294,958,106 <sup>(1)</sup>		44.97
Kumpulan Wang Persaraan (Diperbadankan)	44,607,500	6.80	21,982,300 <sup>(4)</sup>		3.35



# ANALYSIS OF SHAREHOLDINGS

AS PER RECORD OF DEPOSITORY AS AT 29 MARCH 2017  
(CONT'D)

## DIRECTORS' INTEREST IN SHARES

Name of Directors	Direct No. of Share	Shareholdings		
		%	Indirect No. of Share	%
Dato' Seri Lim Bock Seng	1,040,000	0.16	2,004,000 <sup>(2)</sup>	0.31
Tan Sri Lim Hock San	3,808,200	0.58	296,543,106 <sup>(3)</sup>	45.22
Datuk Wira Lim Hock Guan	7,868,360	1.20	295,818,106 <sup>(3)</sup>	45.11
Maj (Hon) Dato' Sri Lim Hock Sing	25,000	0.00	194,000 <sup>(2)</sup>	0.03
Datuk Lim Hock Seong	109,500	0.02	110,000 <sup>(2)</sup>	0.02
Dato' Chia Lok Yuen	1,030,000	0.16	-	-
Dato' Lim Mooi Pang	1,059,900	0.16	-	-
Datuk Lim Si Cheng	119,000	0.02	-	-

### Notes:

- (1) Deemed interested by virtue of their substantial shareholdings in Gaterich Sdn Bhd pursuant to Section 8 of the Companies Act, 2016 ("the Act").
- (2) Shares held by virtue of Section 59(11)(c) of the Act.
- (3) Deemed interested by virtue of his shareholdings in Gaterich Sdn Bhd pursuant to Section 8 of the Act and by virtue of Section 59(11)(c) of the Act.
- (4) Deemed interested by virtue of shares held by Fund Managers of Kumpulan Wang Persaraan (Diperbadankan).

# ANALYSIS OF SHAREHOLDINGS

AS PER RECORD OF DEPOSITORY AS AT 29 MARCH 2017  
(CONT'D)

## LIST OF THE THIRTY (30) LARGEST SHAREHOLDERS

(WITHOUT AGGREGATING SECURITIES FROM DIFFERENT SECURITIES ACCOUNTS BELONGING TO THE SAME REGISTERED HOLDER)

	HOLDER NAME	SHARES HELD	PERCENTAGE (%)
1	<b>RHB NOMINEES (TEMPATAN) SDN BHD</b> PLEDGED SECURITIES ACCOUNT FOR GATERICH SDN BHD	55,600,000	8.477
2	<b>GATERICH SDN BHD</b>	46,096,968	7.028
3	<b>KUMPULAN WANG PERSARAAN (DIPERBADANKAN)</b>	44,607,500	6.801
4	<b>MAYBANK NOMINEES (TEMPATAN) SDN BHD</b> KUWAIT FINANCE HOUSE (MALAYSIA) BERHAD FOR GATERICH SDN BHD (377214)	35,000,000	5.336
5	<b>AMSEC NOMINEES (TEMPATAN) SDN BHD</b> PLEDGED SECURITIES ACCOUNT - AMBANK (M) BERHAD FOR GATERICH SDN BHD	28,700,000	4.376
6	<b>ALLIANCEGROUP NOMINEES (TEMPATAN) SDN BHD</b> PLEDGED SECURITIES ACCOUNT FOR GATERICH SDN BHD	26,000,000	3.964
7	<b>CITIGROUP NOMINEES (ASING) SDN BHD</b> EXEMPT AN FOR CITIBANK NEW YORK (NORGES BANK 14)	18,000,000	2.744
8	<b>RHB NOMINEES (TEMPATAN) SDN BHD</b> INDUSTRIAL AND COMMERCIAL BANK OF CHINA (MALAYSIA) BERHAD PLEDGED SECURITIES ACCOUNT FOR GATERICH SDN BHD	17,000,000	2.592
9	<b>CITIGROUP NOMINEES (TEMPATAN) SDN BHD</b> EMPLOYEES PROVIDENT FUND BOARD (CIMB PRIN)	16,262,700	2.479
10	<b>KENANGA NOMINEES (TEMPATAN) SDN BHD</b> PLEDGED SECURITIES ACCOUNT FOR GATERICH SDN BHD	13,331,385	2.032
11	<b>MAYBANK NOMINEES (TEMPATAN) SDN BHD</b> PLEDGED SECURITIES ACCOUNT FOR GATERICH SDN BHD (51401138104A)	13,170,000	2.008
12	<b>CIMB GROUP NOMINEES (TEMPATAN) SDN BHD</b> CIMB COMMERCE TRUSTEE BERHAD - KENANGA GROWTH FUND	13,031,300	1.986
13	<b>AMSEC NOMINEES (TEMPATAN) SDN BHD</b> MTRUSTEE BERHAD FOR CIMB ISLAMIC DALI EQUITY GROWTH FUND (UT-CIMB-DALI)	12,929,900	1.971
14	<b>CITIGROUP NOMINEES (TEMPATAN) SDN BHD</b> EXEMPT AN FOR AIA BHD	12,657,200	1.929
15	<b>MAYBANK NOMINEES (TEMPATAN) SDN BHD</b> PLEDGED SECURITIES ACCOUNT FOR GATERICH SDN BHD (51401138105A)	11,258,572	1.716

# ANALYSIS OF SHAREHOLDINGS

AS PER RECORD OF DEPOSITORY AS AT 29 MARCH 2017  
(CONT'D)

## LIST OF THE THIRTY (30) LARGEST SHAREHOLDERS

(WITHOUT AGGREGATING SECURITIES FROM DIFFERENT SECURITIES ACCOUNTS BELONGING TO THE SAME REGISTERED HOLDER) (CONT'D)

	HOLDER NAME	SHARES HELD	PERCENTAGE (%)
16	<b>CITIGROUP NOMINEES (TEMPATAN) SDN BHD</b> KUMPULAN WANG PERSARAAN (DIPERBADANKAN) (KENANGA)	10,740,200	1.637
17	<b>CIMSEC NOMINEES (TEMPATAN) SDN BHD</b> CIMB BANK FOR GATERICH SDN BHD (PBCL-0G0342)	10,000,000	1.524
18	<b>MAYBANK SECURITIES NOMINEES (TEMPATAN) SDN BHD</b> PLEDGED SECURITIES ACCOUNT FOR GATERICH SDN BHD (MARGIN)	8,096,400	1.234
19	<b>MIDF AMANAH INVESTMENT NOMINEES (TEMPATAN) SDN BHD</b> PLEDGED SECURITIES ACCOUNT FOR GATERICH SDN BHD (MGN-ISB0002M)	7,886,881	1.202
20	<b>LIM HOCK GUAN</b>	7,868,360	1.199
21	<b>CITIGROUP NOMINEES (TEMPATAN) SDN BHD</b> KUMPULAN WANG PERSARAAN (DIPERBADANKAN) (CIMB EQUITIES)	7,860,100	1.198
22	<b>ALLIANCEGROUP NOMINEES (TEMPATAN) SDN BHD</b> PLEDGED SECURITIES ACCOUNT FOR GATERICH SDN BHD (8120976)	5,978,800	0.911
23	<b>CIMSEC NOMINEES (TEMPATAN) SDN BHD</b> CIMB FOR GATERICH SDN BHD (PB)	5,500,000	0.838
24	<b>M &amp; A NOMINEE (TEMPATAN) SDN BHD</b> PLEDGED SECURITIES ACCOUNT FOR GATERICH SDN BHD (PNG)	5,389,100	0.821
25	<b>MAYBANK NOMINEES (TEMPATAN) SDN BHD</b> ETIQA INSURANCE BERHAD (LIFE NON-PAR FD)	5,000,000	0.762
26	<b>TMF TRUSTEES MALAYSIA BERHAD</b> LBS BINA GROUP BERHAD	4,910,885	0.748
27	<b>HSBC NOMINEES (TEMPATAN) SDN BHD</b> HSBC (M) TRUSTEE BHD FOR ALLIANZ LIFE INSURANCE MALAYSIA BERHAD (P)	4,821,300	0.735
28	<b>MAYBANK NOMINEES (TEMPATAN) SDN BHD</b> ETIQA TAKAFUL BERHAD (SHAREHOLDERS FD)	4,015,500	0.612
29	<b>HSBC NOMINEES (TEMPATAN) SDN BHD</b> HSBC (M) TRUSTEE BHD FOR PERTUBUHAN KESELAMATAN SOSIAL (CIMB-P 6939-404)	3,998,900	0.609
30	<b>HSBC NOMINEES (TEMPATAN) SDN BHD</b> HSBC (M) TRUSTEE BHD FOR ALLIANZ LIFE INSURANCE MALAYSIA BERHAD (MEF)	3,800,000	0.579
		<b>459,511,951</b>	<b>70.065</b>

# ANALYSIS OF WARRANT A HOLDINGS

AS PER RECORD OF DEPOSITORY AS AT 29 MARCH 2017

## WARRANT A

Type of Securities	: Warrant A 2008/2018
No. of Warrant A Issued	: 15,417,512
No. of Warrant A Holders	: 603
Voting Rights	: One (1) vote per Warrant A holder on a show of hands. : One (1) vote per Warrant A on poll, in the meeting of Warrant A holders.

## DISTRIBUTION OF WARRANT A HOLDINGS

Size of Warrant A Holdings			No. of Warrant A Holders	Percentage (%) of Warrant A Holders	No. of Warrant A Held	Percentage (%) of Warrant A Holdings
1	-	99	16	2.653	535	0.003
100	-	1,000	82	13.598	59,096	0.383
1,001	-	10,000	303	50.248	1,778,932	11.538
10,001	-	100,000	167	27.694	5,343,449	34.658
100,001	-	770,874 *	33	5.472	6,544,300	42.447
770,875	-	AND ABOVE **	2	0.331	1,691,200	10.969
			603	100.000	15,417,512	100.000

Remark:

\* less than 5% of Issued Warrants A

\*\* 5% and above of Issued Warrants A

## SUBSTANTIAL WARRANT A HOLDERS

Name of Warrant A Holders	Direct No. of Warrant A	Warrant A Holdings		
		%	Indirect No. of Warrant A	%
Tan Sri Lim Hock San	831,200	5.39	-	-

## DIRECTORS' INTEREST IN WARRANT A

Name of Directors	Direct No. of Warrant A	Warrant A Holdings		
		%	Indirect No. of Warrant A	%
Dato' Seri Lim Bock Seng	140,000	0.91	404,000 <sup>(1)</sup>	2.62
Tan Sri Lim Hock San	831,200	5.39	-	-
Maj (Hon) Dato' Sri Lim Hock Sing	-	-	68,800 <sup>(1)</sup>	0.45
Dato' Chia Lok Yuen	500,000	3.24	-	-
Dato' Lim Mooi Pang	120,000	0.78	-	-

Notes:

(1) Warrant A held by virtue of Section 59(11)(c) of the Companies Act, 2016.

# ANALYSIS OF WARRANT A HOLDINGS

AS PER RECORD OF DEPOSITORY AS AT 29 MARCH 2017  
(CONT'D)

## LIST OF THE THIRTY (30) LARGEST WARRANT A HOLDERS

(WITHOUT AGGREGATING SECURITIES FROM DIFFERENT SECURITIES ACCOUNTS BELONGING TO THE SAME REGISTERED HOLDER)

	HOLDER NAME	WARRANT A HELD	PERCENTAGE (%)
1	<b>CHUA ENG KIAT</b>	880,000	5.707
2	<b>ALLIANCEGROUP NOMINEES (TEMPATAN) SDN BHD</b> PLEDGED SECURITIES ACCOUNT FOR LIM HOCK SAN (8071190)	811,200	5.261
3	<b>TAN HONG LAI</b>	550,000	3.567
4	<b>KONG CHOU KEH</b>	500,000	3.243
5	<b>KEE KU HUAK</b>	380,000	2.464
6	<b>ALLIANCEGROUP NOMINEES (TEMPATAN) SDN BHD</b> PLEDGED SECURITIES ACCOUNT FOR CHIA LOK YUEN (8069361)	360,000	2.335
7	<b>LIM KHUAN ENG</b>	242,700	1.574
8	<b>CHIM KIAN CHAI</b>	233,000	1.511
9	<b>LOW HUI FIN</b>	220,000	1.426
10	<b>KHO SOON FAN</b>	200,000	1.297
11	<b>LOW BOON ANN</b>	190,800	1.237
12	<b>MAYBANK SECURITIES NOMINEES (TEMPATAN) SDN BHD</b> PLEDGED SECURITIES ACCOUNT FOR CHIM KIAN CHAI (REM 822)	190,000	1.232
13	<b>PANG CHIN HIN</b>	187,000	1.212
14	<b>CHEW POH LING</b>	185,000	1.199
15	<b>PACIFIC FOOD PRODUCTS SENDIRIAN BERHAD</b>	180,000	1.167
16	<b>WONG WAI KEUNG RAYMOND</b>	179,000	1.161
17	<b>LIM THIAM CHYE</b>	170,000	1.102
18	<b>MAYBANK NOMINEES (TEMPATAN) SDN BHD</b> PLEDGED SECURITIES ACCOUNT FOR CHOO BU YAN	170,000	1.102
19	<b>KHOO CHOON YEONG</b>	167,000	1.083

## ANALYSIS OF WARRANT A HOLDINGS

AS PER RECORD OF DEPOSITORY AS AT 29 MARCH 2017  
(CONT'D)

### LIST OF THE THIRTY (30) LARGEST WARRANT A HOLDERS

(WITHOUT AGGREGATING SECURITIES FROM DIFFERENT SECURITIES ACCOUNTS BELONGING TO THE SAME REGISTERED HOLDER) (CONT'D)

	HOLDER NAME	WARRANT A HELD	PERCENTAGE (%)
20	<b>KANG SAM HOCK</b>	160,000	1.037
21	<b>RHB NOMINEES (TEMPATAN) SDN BHD</b> PLEDGED SECURITIES ACCOUNT FOR KEE KU HUAK	160,000	1.037
22	<b>GOH LEE HIAN</b>	159,800	1.036
23	<b>CHONG SENG SUN</b>	159,000	1.031
24	<b>HLIB NOMINEES (TEMPATAN) SDN BHD</b> PLEDGED SECURITIES ACCOUNT FOR YONG FOY WON (CCTS)	151,800	0.984
25	<b>LIM MIOW LEONG</b>	150,000	0.972
26	<b>LEE CHING CHING</b>	145,500	0.943
27	<b>LIM KAI SIEN</b>	144,000	0.934
28	<b>MAYBANK SECURITIES NOMINEES (TEMPATAN) SDN BHD</b> PLEDGED SECURITIES ACCOUNT FOR FOONG POH MEI (REM 609 - MARGIN)	140,000	0.908
29	<b>MA PIN LING</b>	137,800	0.893
30	<b>GANESON A/L P.SUBRAMANIAM</b>	131,000	0.849
		<b>7,634,600</b>	<b>49.519</b>



# ANALYSIS OF WARRANT B HOLDINGS

AS PER RECORD OF DEPOSITORY AS AT 29 MARCH 2017

## WARRANT B

Type of Securities	: Warrant B 2015/2020
No. of Warrant B Issued	: 67,910,372
No. of Warrant B Holders	: 4,867
Voting Rights	: One (1) vote per Warrant B holder on a show of hands. : One (1) vote per Warrant B on poll, in the meeting of Warrant B holders.

## DISTRIBUTION OF WARRANT B HOLDINGS

Size of Warrant B Holdings			No. of Warrant B Holders	Percentage (%) of Warrant B Holders	No. of Warrant B Held	Percentage (%) of Warrant B Holdings
1	-	99	1,546	31.764	52,384	0.077
100	-	1,000	1,462	30.039	695,369	1.023
1,001	-	10,000	1,407	28.908	4,518,401	6.653
10,001	-	100,000	364	7.478	11,641,755	17.142
100,001	-	3,395,517 *	86	1.767	31,438,174	46.293
3,395,518	-	AND ABOVE **	2	0.041	19,564,289	28.808
			4,867	100.000	67,910,372	100.000

Remark:

\* less than 5% of Issued Shares

\*\* 5% and above of Issued Shares

## SUBSTANTIAL WARRANT B HOLDERS

Name of Warrant B Holders	Direct No. of Warrant B	Warrant B Holdings		%
		%	Indirect No. of Warrant B	
Gaterich Sdn Bhd	16,144,789	23.77	-	-
Tan Sri Lim Hock San	4,985,625	7.34	16,144,789 <sup>(2)</sup>	23.77
Datuk Wira Lim Hock Guan	1,967,090	2.90	16,144,789 <sup>(2)</sup>	23.77

# ANALYSIS OF WARRANT B HOLDINGS

AS PER RECORD OF DEPOSITORY AS AT 29 MARCH 2017  
(CONT'D)

## DIRECTORS' INTEREST IN WARRANT B

Name of Directors	Direct No. of Warrant B	%	Warrant B Holdings	
			Indirect No. of Warrant B	%
Dato' Seri Lim Bock Seng	385,000	0.57	656,500 <sup>(1)</sup>	0.97
Tan Sri Lim Hock San	4,985,625	7.34	16,236,964 <sup>(3)</sup>	23.91
Datuk Wira Lim Hock Guan	1,967,090	2.90	16,359,789 <sup>(3)</sup>	24.09
Maj (Hon) Dato' Sri Lim Hock Sing	206,250	0.30	48,500 <sup>(1)</sup>	0.07
Datuk Lim Hock Seong	152,375	0.22	-	-
Dato' Chia Lok Yuen	420,000	0.62	-	-
Dato' Lim Mooi Pang	239,975	0.35	-	-

### Notes:

(1) Warrant B held by virtue of Section 59(11)(c) of the Companies Act, 2016 ("the Act").

(2) Deemed interested by virtue of their substantial interests in Gaterich Sdn Bhd pursuant to Section 8 of the Act.

(3) Deemed interested by virtue of his substantial interests in Gaterich Sdn Bhd pursuant to Section 8 of the Act and by virtue of Section 59(11)(c) of the Act.

# ANALYSIS OF WARRANT B HOLDINGS

AS PER RECORD OF DEPOSITORY AS AT 29 MARCH 2017  
(CONT'D)

## LIST OF THE THIRTY (30) LARGEST WARRANT B HOLDERS

(WITHOUT AGGREGATING SECURITIES FROM DIFFERENT SECURITIES ACCOUNTS BELONGING TO THE SAME REGISTERED HOLDER)

	HOLDER NAME	WARRANT B HELD	PERCENTAGE (%)
1	<b>GATERICH SDN BHD</b>	16,144,789	23.773
2	<b>MAYBANK NOMINEES (TEMPATAN) SDN BHD</b> ETIQA INSURANCE BERHAD (GROWTH FUND)	3,419,500	5.035
3	<b>ALLIANCEGROUP NOMINEES (TEMPATAN) SDN BHD</b> PLEDGED SECURITIES ACCOUNT FOR LIM HOCK SAN (8071190)	2,178,225	3.207
4	<b>LIM HOCK GUAN</b>	1,967,090	2.896
5	<b>CITIGROUP NOMINEES (TEMPATAN) SDN BHD</b> EXEMPT AN FOR AIA BHD	1,921,250	2.829
6	<b>DATO' LIM HOCK SAN</b>	1,433,025	2.110
7	<b>CITIGROUP NOMINEES (TEMPATAN) SDN BHD</b> PLEDGED SECURITIES ACCOUNT FOR DATO' LIM HOCK SAN (474173)	1,374,375	2.023
8	<b>TMF TRUSTEES MALAYSIA BERHAD</b> LBS BINA GROUP BERHAD	1,227,721	1.807
9	<b>LOW MUN TENG</b>	920,000	1.354
10	<b>TAN SHIEW CHIANG @ TAN SEO CHIANG</b>	750,000	1.104
11	<b>MAYBANK NOMINEES (TEMPATAN) SDN BHD</b> PLEDGED SECURITIES ACCOUNT FOR YEOH KOK KEAT	731,700	1.077
12	<b>LIEW BOON</b>	619,750	0.912
13	<b>MAYBANK NOMINEES (TEMPATAN) SDN BHD</b> ETIQA TAKAFUL BERHAD - DANA SYARIAH SEIMBANG (826966)	600,000	0.883
14	<b>MAYBANK NOMINEES (TEMPATAN) SDN BHD</b> ETIQA TAKAFUL BERHAD - DANA EKUITI PRIMA TAKAFUL (709226)	600,000	0.883
15	<b>MAYBANK NOMINEES (TEMPATAN) SDN BHD</b> PLEDGED SECURITIES ACCOUNT FOR KOH LAY KOON	591,200	0.870
16	<b>BALASUBRAMANIAM A/L SANGGAMA REDDI</b>	568,200	0.836

## ANALYSIS OF WARRANT B HOLDINGS

AS PER RECORD OF DEPOSITORY AS AT 29 MARCH 2017  
(CONT'D)

### LIST OF THE THIRTY (30) LARGEST WARRANT B HOLDERS

(WITHOUT AGGREGATING SECURITIES FROM DIFFERENT SECURITIES ACCOUNTS BELONGING TO THE SAME REGISTERED HOLDER) (CONT'D)

	HOLDER NAME	WARRANT B HELD	PERCENTAGE (%)
17	<b>MAYBANK NOMINEES (TEMPATAN) SDN BHD</b> PLEDGED SECURITIES ACCOUNT FOR BEH HANG KONG	544,700	0.802
18	<b>MEH KOK CHAU</b>	500,000	0.736
19	<b>TAN YAN CHING</b>	500,000	0.736
20	<b>ALLIANCEGROUP NOMINEES (TEMPATAN) SDN BHD</b> PLEDGED SECURITIES ACCOUNT FOR LIM MIOW LEONG (7000851)	468,400	0.689
21	<b>LING SING TIONG</b>	458,000	0.674
22	<b>MAYBANK NOMINEES (TEMPATAN) SDN BHD</b> PLEDGED SECURITIES ACCOUNT FOR ONG SIEW TIONG @ ONG TSU YEE	430,000	0.633
23	<b>CHUA ENG KIAT</b>	429,300	0.632
24	<b>JF APEX NOMINEES (TEMPATAN) SDN BHD</b> PLEDGED SECURITIES ACCOUNT FOR TEE HAN HO (STA 2)	390,900	0.575
25	<b>DATO' SERI LIM BOCK SENG</b>	385,000	0.566
26	<b>KUMPULAN WANG SIMPANAN GURU-GURU</b>	375,000	0.552
27	<b>KONG CHOU KEH</b>	350,000	0.515
28	<b>HLIB NOMINEES (TEMPATAN) SDN BHD</b> HONG LEONG BANK BHD FOR LIM KAI SIEN	344,700	0.507
29	<b>TAN WEI ENG</b>	334,750	0.492
30	<b>PUBLIC INVEST NOMINEES (TEMPATAN) SDN BHD</b> EXEMPT AN FOR PHILLIP SECURITIES PTE LTD (CLIENTS)	332,500	0.489
		<b>40,890,075</b>	<b>60.211</b>